



Rochester Public Utilities

Board Meeting Packet

March 25, 2014

ROCHESTER PUBLIC UTILITIES BOARD

MEETING AGENDA MARCH 25, 2014

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

4:00 PM

1. Approval of Minutes of February 25, 2014 Meeting
2. Approval of Accounts Payable

NEW BUSINESS

3. 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.)
4. Consideration of Bids/Proposals:
 - a. Medium Voltage Cable
 - b. Viola Water Storage Tank Repair/ Re-painting
 - c. Golden Hill Water Storage Tank Repair/Re-painting
5. Accounting for Service Territory Acquisition Costs
6. CAPX: Buy & Sell the Farm Resolution
7. Amendment to Verizon Wireless Master Site Agreement
8. Update of Cost and Rate Schedules for Cogeneration & SPP Rate Tariff
9. Cost of Service Study Update
10. Silver Lake Plant Decommissioning Update
11. General Manager Search Update
12. General Manager's Report
13. Management Reports
14. Other Business

*** Continued on next page***

15. Adjourn

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
BOARD MEETING MINUTES
February 25, 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. On behalf of the Utility Board, Mr. Williams thanked and recognized Dan Kinzer for his thirty years of service to Rochester Public Utilities.
2. Mr. Stahl moved to approve the minutes of the January 28, 2014 meeting, seconded by Mr. Wojcik.

All voting "AYE"

3. Mr. Wojcik moved to approve the Accounts Payable, seconded by Mr. Browning.

All voting "AYE"

4. Mr. Williams opened the meeting for comments from the public.
No one from the public came forward to speak.

5. Mr. Browning moved to approve the one year extension to the existing agreement with Opower, and the following Resolution, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the Opower Change Order between OPOWER, Inc. and the City of Rochester acting through its Public Utility Board, and request the Mayor and the City Clerk to execute the addendum for

Extension of the Opower agreement for the Home Energy Reports

The amount of the purchase order agreement not to exceed \$400,000 in 2014.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of February, 2014.

6. Rochester Public Utilities (RPU) has engaged the services of MCR Performance Solutions, LLC (MCR) to evaluate a recent Federal Energy Regulatory Commission (FERC) ruling that may allow RPU to receive Midcontinent Independent System Operator (MISO) cost recovery for a portion of its investment in the CAPX Hampton-Rochester-LaCrosse project. MCR presented

the analysis and results to the Board.

Consensus from the Board was received for staff to proceed with the FERC process. The application for MISO Transmission Owner filing will need approval and is scheduled to be brought to the March Board meeting.

7. Susan Parker, Director of Corporate Services, along with the Audit & Finance Committee gave the Board an update on the progress of the Cost of Service Study, along with any consensus direction discussed at the monthly meeting. The committee will be asking for direction next month as to how to move forward with the rate of return along with a series of decisions to be made at the March Board meeting.

8. Jerry Williams, RPU Board President, updated the board on the General Managers search process.

- Applications will close the end of the week.
- Screening of applications and assembly of interview questions will follow.
- Larry’s official retirement date April 30, 2014.
- Interviews will be conducted in late March, early April.

9. Larry Koshire, RPU General Manager thanked RPU staff for all of their hard work during the difficult weather. He passed along that he received many positive phone calls regarding RPU Staff.

- RPU will be taking over water functions from the County.
- Reminder of the Employee Breakfast on Thursday.
- Tony Dzubay, Manager of Power Resources, presented to the Board an informational presentation on the Silver Lake Plant Asbestos Remediation Project.
- Jeremy Sutton, Manager of Portfolio Optimization, gave an update on the Balance of Load and Resources and the future through 2025.

10. Management Reports were presented:

11. Other Business:

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

All voting “AYE”

Submitted by:

Secretary

Approved by the Board

Board President

Date

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 02/14/2014 To 03/13/2014

Consolidated & Summarized Below 1,000

Greater than 50,000 :

1			
2			
3	SOUTHERN MN MUNICIPAL POWER A	Monthly Billing	6,791,548.22
4	MN DEPT OF REVENUE	Jan Sales and Use Tax	517,471.01
5	MN DEPT OF REVENUE	Feb Sales and Use Tax	491,370.68
6	XCEL ENERGY CORP	CapX - LaCrosse Project CMA	343,545.87
7	CONSTELLATION NEWENERGY-GAS D	SLP Pilot & Boiler Gas	271,262.85
8	OSI-OPEN SYSTEMS INTERNATIONA	SCADA Replacement - Electric	207,410.80
9	SPARTA CONSULTING INC	HCM Time Entry/Payroll	72,120.00
10	ALVIN E BENIKE INC (P)	Data Recovery Backup Construction	61,600.00
11	MN DEPT OF HEALTH	Community Water Supply Fee, 1/1/14-3/31/	59,187.00
12	CONSTELLATION NEWENERGY-GAS D	Monthly Gas at Cascase Creek	55,218.87
13			
14		Price Range Total:	8,870,735.30
15			

5,000 to 50,000 :

16			
17			
18	PEOPLES ENERGY COOPERATIVE (P	Services Compensable 2/1/2014-2/28/2014	47,000.05
19	BILLTRUST dba	Credit Card/Billing/Mailing/IVR Services	39,995.24
20	ALVIN E BENIKE INC (P)	Change Order #2	39,568.00
21	MCR PERFORMANCE SOLUTIONS INC	Professional Services Agreement	36,133.13
22	WRIGHT TREE SERVICE INC	Lump Sum Tree Clearance Trimming 904B	29,527.73
23	WRIGHT TREE SERVICE INC	2014 Hourly Tree Contract	27,501.56
24	MN DEPT OF COMMERCE	CIP	20,773.26
25	WESCO DISTRIBUTION INC	Luminaire, Residential, LED, PC, 120V	20,477.25
26	KEMA SERVICES INC	Prof Serv - SCADA Upgrade	20,000.00
27	WERNER ELECTRIC SUPPLY	Lighting Fixtures	19,613.63
28	GREENWAY COOP SERVICE CO INC	Monthly Fuel Purchases-Feb	18,197.39
29	GREENWAY COOP SERVICE CO INC	January Fuel Purchases	17,402.13
30	STUART C IRBY CO INC	Cutout, 27kV, NLB, 100A	15,940.19
31	FEDERAL EXPRESS	CIP Conserve & Save Rebates	13,942.84
32	WESCO DISTRIBUTION INC	Wire in Duct, AL, 600V, 4/0-2/0 Tri Urd	13,578.92
33	MINNESOTA ENERGY RESOURCES CO	SLP Pilot and Boiler Gas	12,581.08
34	VISION COMPANIES LLC (P)	Org Strategy, Exec Coaching, Survey Exec	12,375.00
35	BLUESPIRE STRATEGIC MARKETING	2014 RPU Plugged In Contract	11,824.00
36	XYLO TECHNOLOGIES INC	2014 Dominic Avila - Corp Svcs/IS	11,322.00
37	CENTURYLINK	2014 Monthly Telecommunications	11,198.08
38	U S ALLIANCE GROUP	Credit Card Processing Fees	11,189.13
39	THE ENERGY AUTHORITY INC	TEA Resource Fee-Feb	10,112.84
40	XYLO TECHNOLOGIES INC	2014 Mark Johnson - Corp Svcs/IS	9,090.90
41	ENVENTIS TELECOM INC	Catalyst 3K-X 10G network module	8,977.50
42	POWER SYSTEMS ENGINEERING INC	City and Downtown Load Forecast	8,739.87
43	ACCUVANT INC	Security Assesment	8,578.82
44	WESCO DISTRIBUTION INC	Harness, Cynch Lok Dist. Model - Web	8,132.80
45	WELLS FARGO BANK ACCT ANALYSI	2014 Banking Services	7,439.87
46	ECONO LODGE	CIP Conserve & Save Rebates	7,250.00

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47	T K D A	Prof Engr Design & Construction Insp Svc	7,191.16
48	MN DEPT OF REVENUE	Jan Sales and Use Tax	6,753.38
49	D P C INDUSTRIES INC	2014 Hydrofluorosilicic Acid - Delivered	6,736.80
50	MN DEPT OF REVENUE	Feb Sales and Use Tax	6,659.14
51	ARNOLDS SUPPLY & KLEENIT CO (	2013-2014 Monthly Cleaning Services	5,887.74
52	ALVIN E BENIKE INC (P)	Change Order #3	5,701.00
53	BARR ENGINEERING COMPANY	Water Sustainability Study Services	5,308.82
54	CLEAR CHANNEL BROADCASTING IN	Radio ads about frozen water services	5,283.00
55	VERIZON WIRELESS	2014 Cell & Ipad Monthly Service	5,272.52
56	D P C INDUSTRIES INC	2014 Chlorine, 150 lb Cyl	5,167.00
57	WESCO DISTRIBUTION INC	Bulb, 100W, HPS	5,065.88
58	PITNEY BOWES PURCHASE POWER	Postage Meter Refill	5,000.00
59			
60		Price Range Total:	588,489.65
61			
62	<u>1,000 to 5,000 :</u>		
63			
64	WESCO DISTRIBUTION INC	Harness, 6' Web Positioning Strap-Robe	4,860.00
65	HIBU INC	2014 Yellowbook Advertising	4,817.28
66	STUART C IRBY CO INC	Belt, Nylon (4) D-Ring Tool Belt	4,675.00
67	ROSEMOUNT INC	Differential transmitter	4,628.18
68	D P C INDUSTRIES INC	2014 Carus 8500 Aqua Mag Kjell F35	4,511.40
69	MINNESOTA ENERGY RESOURCES CO	Monthly billing / SC	4,502.83
70	EXPRESS SERVICES INC	2014 Fred Rahn - Field Svcs	4,415.75
71	MN DEPT OF COMMERCE	Energy permitting	4,325.16
72	POWER SYSTEMS ENGINEERING INC	Services related to Downtown LRP	4,260.30
73	ULTEIG ENGINEERS INC	Structure 10 Relocation	4,099.50
74	STUART C IRBY CO INC	Cutout, 27kV, NLB, 100A	3,985.05
75	SOMA CONSTRUCTION INC	February	3,766.30
76	VISION COMPANIES LLC (P)	Process work and Customer First	3,750.00
77	MAYO FOUNDATION	CIP Conserve & Save Rebates	3,530.00
78	IDEXX DISTRIBUTION CORP	Colilert, 100ml	3,520.84
79	NALCO COMPANY	Nalco, TRAC 101.15, 55 GAL DRUM	3,288.30
80	SCHAD TRACY SIGNS INC	Warehouse Signs	3,244.73
81	NALCO COMPANY	2014 DI Vessels & Rel. Rental	3,150.00
82	MN DEPT OF PUBLIC SAFETY	SARA fees for Wellhouses for 2013	3,000.00
83	BAIER GERALD	2014 Snow Removal Services (J,F,M)	2,966.66
84	NORTHWESTERN POWER EQUIPMENT	Pressure Reducing Valve, 3"	2,852.00
85	NGK LOCKE INC	Insul, H Post, Poly, 65", AGS,161kV,W-GB	2,823.60
86	BORDER STATES ELECTRIC SUPPLY	Crossarm, Wood, Deadend, 8'	2,795.85
87	NALCO COMPANY	Sur-Gard 1700 Oxygen Scavenger DEMIN/SLP	2,762.84
88	CDW GOVERNMENT INC	Printer, HP LJ Enterprise	2,758.11
89	DAKOTA SUPPLY GROUP	Meter, FM16S CL200 MRV DEMAND AMR	2,731.20
90	ROCHESTER ATHLETIC CLUB	CIP Conserve & Save Rebates	2,720.00
91	K & K HAULING	Water SA service repair	2,659.75
92	ULTEIG ENGINEERS INC	Q9 Distribution Upgrade Analysis	2,655.50

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93	ELKS LODGE NO 1091	*CIP - Lighting	2,654.40
94	CHARTER MEDIA	Frozen water service ads	2,639.00
95	ADVANTAGE DIST LLC (P)	Oil	2,418.90
96	ALVIN E BENIKE INC (P)	Change Order #4	2,412.00
97	ROCH PLUMBING & HEATING CO IN	Water / SA / Service thaw / 4691 Arctic	2,406.00
98	BORDER STATES ELECTRIC SUPPLY	Clamp, DE, U-Bolt,2-2/0 ACSR,1-3/0	2,405.54
99	PAYMENT REMITTANCE CENTER	Travel, SAP HR 2014 reg, Lana Anderson	2,399.00
100	SCHAD TRACY SIGNS INC	Water Substation Signs Change Order	2,378.00
101	CDW GOVERNMENT INC	Avocent Cyclades 16pt	2,344.00
102	VISION COMPANIES LLC (P)	Q1 2014 IT controls Testing	2,250.00
103	FAIRWAY OUTDOOR FUNDING LLC	2014 Digital Billboard Contract	2,200.00
104	NORTHERN / BLUETARP FINANCIAL	hose reel mounting bracket/ air hose ree	2,159.97
105	BRANNON CHARLES	Employee Recognition Breakfast	2,152.20
106	WERNER ELECTRIC SUPPLY	AllenBradley RS Logix 500 software	2,147.12
107	ADVANCED DISPOSAL SVC SOLID W	2014 Waste Removal Services - SLP	2,126.67
108	UNIV OF WISC - MADISON	*Travel, Reg., Fund of Energy Auditing,	2,095.00
109	PAYMENT REMITTANCE CENTER	Travel, APPA Rodeo, Delta, x4 people	2,000.00
110	PAYMENT REMITTANCE CENTER	SAP, Online Training, APPSUB App Subscri	2,000.00
111	GREAT RIVER ENERGY	CapX Vision Team - O&M	1,956.06
112	BORDER STATES ELECTRIC SUPPLY	Grnd Ball, .500" Female Thread	1,945.98
113	BORDER STATES ELECTRIC SUPPLY	Wire, AL, 600V, #6 Dup, Sheppard	1,939.78
114	PAYMENT REMITTANCE CENTER	Travel, APPA Rodeo Registration	1,925.00
115	ADVANCED DISPOSAL SVC SOLID W	2014 Waste Removal Services - SC	1,879.96
116	ROSEMOUNT INC	Diff Press Transmitter Range CD/CG RNG 2	1,821.30
117	ALVIN E BENIKE INC (P)	Change Order #1	1,818.00
118	WESCO DISTRIBUTION INC	Arrester, 10kV, Dist, Parking Stand	1,814.74
119	WIDSETH SMITH NOTLING & ASSOC	Easement Work	1,783.50
120	BORDER STATES ELECTRIC SUPPLY	Grnd Ball, 2 Hole Pad, Male Stud	1,774.66
121	ARNOLDS SUPPLY & KLEENIT CO (	2013-2014 Alternates	1,763.44
122	BAIER GERALD	2014 Garage Sweep Jan-December	1,710.00
123	NETWORKFLEET INC	2014 Monthly Charge - GPS Fleet tracking	1,608.90
124	HALO BRANDED SOLUTIONS	Stadium Blanket	1,572.75
125	TSP INC	Engineering and Design Sys Ops AC Unit	1,561.25
126	HI LINE UTILITY SUPPLY CO (P)	Pull Tape, Printed, .750" x 3000'	1,553.04
127	G A ERNST & ASSOCIATES INC	NEC Audits and CFLs	1,473.00
128	MINNESOTA ENERGY RESOURCES CO	Monthly billing	1,452.19
129	POWER PROCESS EQUIPMENT INC (	Packing, Style 1600, .500, 1/2	1,442.81
130	ANDERSON LANA	Travel Advance	1,413.00
131	MINNESOTA ENERGY RESOURCES CO	Monthly Gas at Cascase Creek	1,398.92
132	ALTO CONSULTING & TRAINING IN	IS SharePoint Site	1,350.00
133	MADSEN BRIAN	2013-2014 Printer Maintenance contract	1,331.66
134	McGRANN SHEA CARNIVAL STRAUGH	Service Territory	1,300.67
135	PAYMENT REMITTANCE CENTER	119-902 CustAccts-Oper-Meter Reading	1,282.50
136	EVANGEL UNITED METHODIST	CIP Conserve & Save Rebates	1,280.00
137	RESCO	Heat Shrink Insul. Tape, 15kV, 2" x 25'	1,276.09
138	MCMMASTER CARR SUPPLY COMPANY	Gas Turbine GT-1 fuel hose.	1,264.24

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139	BORDER STATES ELECTRIC SUPPLY	Metal Sec. Encl, 3ph, 30" x 78" x 22"	1,261.13
140	STUART C IRBY CO INC	Conn, Bump Sleeve, #4 ACSR	1,239.75
141	WESCO DISTRIBUTION INC	Belt, Body no gut strap	1,233.80
142	MN POLLUTION CONTROL AGENCY	2013 NPDES permit fee for SLP	1,230.00
143	GALAXY COMPUTERS INC	2014 Server Maintenance	1,226.69
144	ARNOLDS SUPPLY & KLEENIT CO (	Ice Melt, 100 lbs./pail	1,210.00
145	SUPERIOR COMPANIES OF MINNESO	Glycol	1,208.00
146	SCHAD TRACY SIGNS INC	Confined Space	1,204.00
147	ROTO ROOTER INC	WA/ Service thaw 916 6 ST SE	1,194.00
148	BIRD JACOBSON & STEVENS	CIP Conserve & Save Rebates	1,189.20
149	BORDER STATES ELECTRIC SUPPLY	Grnd Ball, 2 Hole Pad	1,183.10
150	MN PIPE & EQUIPMENT	Repair Clamp, SS 12LL 6.0	1,152.00
151	ENVENTIS TELECOM INC	Phone System Support 3 Yrs (Monthly Bill	1,135.00
152	WESCO DISTRIBUTION INC	Harness, Cynch Lok Trans. Model - Web	1,125.60
153	HALO BRANDED SOLUTIONS	MVP Traveling Trophy Award & name	1,105.09
154	MAINTENANCE ENGINEERING	Bulb, 150W, 130V	1,073.45
155	GREENWAY COOP SERVICE CO INC	Diesel fuel for backup generator at hydr	1,059.35
156	GRAYBAR ELECTRIC COMPANY INC	Punch Lok Tool, for Kellum Grip	1,051.76
157	MONSON STEVE	Travel, NAFA Masters Seminar, hotels	1,050.37
158	RONCO ENGINEERING SALES INC	Monoblok/ 34 hoses	1,047.35
159	ROCHESTER ARMORED CAR CO INC	2013/14 Pick Up Services May-April	1,041.89
160	ROTO ROOTER INC	Water /SA/ Service thaw / 1303 Sunrise A	1,026.00
161	ADVANTAGE DIST LLC (P)	Oil, DTE BB (55 Gal Drum)	1,022.21
162	CHARTER COMMUNICATIONS HOLDIN	Fiber and Cable	1,005.46
163	PROCESS ENGINEERING INC	Dynapure Drum Assembly	1,005.00
164			
165		Price Range Total:	218,217.57
166			
167	<u>0 to 1,000 :</u>		
168			
169	EXPRESS SERVICES INC	Summarized transactions: 30	15,771.69
170	PAYMENT REMITTANCE CENTER	Summarized transactions: 96	13,397.14
171	REBATES	Summarized transactions: 53	8,849.63
172	BORDER STATES ELECTRIC SUPPLY	Summarized transactions: 49	7,698.08
173	WESCO DISTRIBUTION INC	Summarized transactions: 33	7,673.46
174	STUART C IRBY CO INC	Summarized transactions: 31	6,482.01
175	Customer Refunds (CIS)	Summarized transactions: 40	6,029.63
176	GREENWAY COOP SERVICE CO INC	Summarized transactions: 15	5,224.68
177	ROTO ROOTER INC	Summarized transactions: 12	5,118.00
178	DUECO, INC	Summarized transactions: 14	4,936.73
179	G & K SERVICES	Summarized transactions: 47	2,772.64
180	INNOVATIVE OFFICE SOLUTIONS L	Summarized transactions: 74	2,548.57
181	OPEN ACCESS TECHNOLOGY	Summarized transactions: 3	2,226.12
182	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 37	2,199.59
183	GRAINGER INC	Summarized transactions: 21	2,170.02
184	RONCO ENGINEERING SALES INC	Summarized transactions: 9	1,851.43

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185	LAWSON PRODUCTS INC (P)	Summarized transactions: 25	1,830.77
186	USA BLUE BOOK	Summarized transactions: 5	1,720.96
187	NAPA AUTO PARTS (P)	Summarized transactions: 40	1,560.06
188	PEOPLES ENERGY COOPERATIVE	Summarized transactions: 4	1,537.33
189	MN DEPT OF REVENUE	Summarized transactions: 2	1,519.19
190	MOTOPROZ INC	Summarized transactions: 2	1,486.06
191	CITY OF ROCHESTER	Summarized transactions: 8	1,480.77
192	ARNOLDS SUPPLY & KLEENIT CO (	Summarized transactions: 9	1,435.17
193	MN PIPE & EQUIPMENT	Summarized transactions: 11	1,406.71
194	RONCO ENGINEERING SALES INC	Summarized transactions: 9	1,372.71
195	HUDSON WORKWEAR CO INC	Summarized transactions: 15	1,363.19
196	MN DEPT OF REVENUE	Summarized transactions: 6	1,357.65
197	ZEE MEDICAL SERVICE INC (P)	Summarized transactions: 14	1,319.42
198	ROSEMOUNT INC	Summarized transactions: 8	1,302.50
199	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 14	1,284.51
200	POST BULLETIN CO	Summarized transactions: 3	1,269.72
201	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 25	1,245.16
202	ENVENTIS TELECOM INC	Summarized transactions: 6	1,241.03
203	CDW GOVERNMENT INC	Summarized transactions: 8	1,207.56
204	DAKOTA SUPPLY GROUP	Summarized transactions: 4	1,178.78
205	SCHWEITZER ENGINEERING LAB IN	Summarized transactions: 5	1,129.87
206	NALCO COMPANY	Summarized transactions: 7	1,099.69
207	KELLER AMERICA (P)	Summarized transactions: 5	1,073.03
208	MONSON STEVE	Summarized transactions: 5	1,049.87
209	TOTAL TOOL SUPPLY INC (P)	Summarized transactions: 9	998.31
210	RENTAL DEPOT INC	Summarized transactions: 2	995.33
211	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 3	995.29
212	GUTHRIE SCOTT	Summarized transactions: 8	988.69
213	PAYMENT REMITTANCE CENTER	Summarized transactions: 2	988.59
214	GOODIN COMPANY	Summarized transactions: 6	985.85
215	HALO BRANDED SOLUTIONS	Summarized transactions: 7	964.88
216	MAJERUS WILLIAM	Summarized transactions: 8	957.33
217	T E C INDUSTRIAL INC	Summarized transactions: 8	953.09
218	W W GOETSCH ASSOCIATES	Summarized transactions: 4	931.81
219	GARCIA GRAPHICS INC	Summarized transactions: 7	888.75
220	JOHNSON PRINTING CO INC	Summarized transactions: 6	879.57
221	ELECTROMARK INC	Summarized transactions: 2	858.89
222	J J KELLER & ASSOCIATES INC	Summarized transactions: 3	853.18
223	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 21	805.27
224	ALDEN POOL & MUNICIPAL SUPPLY	Summarized transactions: 1	777.60
225	CENTURYLINK	Summarized transactions: 4	757.09
226	POWER DYNAMICS INC	Summarized transactions: 10	753.06
227	SUPERIOR COMPANIES OF MINNESO	Summarized transactions: 1	708.27
228	OMNI ENVIRONMENTAL INC	Summarized transactions: 1	700.00
229	ROCH PLUMBING & HEATING CO IN	Summarized transactions: 1	686.53
230	PEOPLES ENERGY COOPERATIVE	Summarized transactions: 2	686.00

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231	CONNEY SAFETY PRODUCTS LLC	Summarized transactions: 1	684.86
232	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 3	673.10
233	FIRST SUPPLY (P)	Summarized transactions: 2	596.75
234	GUNDERSON BRADLEY	Summarized transactions: 3	593.00
235	INGERSOLL RAND COMPANY	Summarized transactions: 3	589.18
236	GRAYBAR ELECTRIC COMPANY INC	Summarized transactions: 2	582.72
237	HACH COMPANY	Summarized transactions: 3	578.81
238	ONLINE INFORMATION SERVICES I	Summarized transactions: 1	573.30
239	AUTHORIZE.NET	Summarized transactions: 1	558.30
240	BASLER ELECTRIC COMPANY	Summarized transactions: 2	555.14
241	IDEXX DISTRIBUTION CORP	Summarized transactions: 4	550.70
242	LARSON MARK	Summarized transactions: 3	548.84
243	HUSKIE TOOLS INC	Summarized transactions: 17	546.67
244	SMYTH COMPANIES INC	Summarized transactions: 1	540.00
245	FIRST SUPPLY (P)	Summarized transactions: 1	537.99
246	TSP INC	Summarized transactions: 5	534.79
247	BLACKHAWK INC	Summarized transactions: 2	526.34
248	MN POLLUTION CONTROL AGENCY	Summarized transactions: 1	514.00
249	MAILE ENTERPRISES INC	Summarized transactions: 2	512.28
250	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 6	506.37
251	STEFFL TIM	Summarized transactions: 3	503.88
252	G & K SERVICES	Summarized transactions: 3	498.68
253	ALTEC INDUSTRIES INC	Summarized transactions: 4	497.33
254	J & W INSTRUMENTS INC	Summarized transactions: 2	493.82
255	ALS LABORATORY GROUP TRIBOLOG	Summarized transactions: 1	492.00
256	POWER PROCESS EQUIPMENT INC (	Summarized transactions: 6	489.98
257	R D O - POWERPLAN OIB	Summarized transactions: 4	489.69
258	BUCKINGHAM MFG	Summarized transactions: 3	459.80
259	WOODRUFF COMPANY	Summarized transactions: 4	459.05
260	NGK LOCKE INC	Summarized transactions: 2	456.47
261	NORTHWESTERN POWER EQUIPMENT	Summarized transactions: 1	428.00
262	CARD QUEST INC	Summarized transactions: 1	420.18
263	HIBU INC	Summarized transactions: 1	420.00
264	FLOETER CHARLES	Summarized transactions: 1	413.00
265	KEACH TODD	Summarized transactions: 1	413.00
266	TRUCK UTILITIES & MFG CO	Summarized transactions: 2	402.59
267	IDEAL SERVICE COMPANY INC	Summarized transactions: 1	402.34
268	BAIER GERALD	Summarized transactions: 1	400.00
269	STEVE BENNING ELECTRIC	Summarized transactions: 1	389.16
270	LEAGUE OF MN CITIES INS TRUST	Summarized transactions: 1	389.00
271	MENARDS ROCHESTER SOUTH	Summarized transactions: 3	385.62
272	DELL MARKETING LP	Summarized transactions: 2	385.58
273	WENCK ASSOCIATES, INC	Summarized transactions: 1	380.00
274	CANNON ELECTRIC MOTOR dba	Summarized transactions: 1	380.00
275	ALTO CONSULTING & TRAINING IN	Summarized transactions: 1	375.00
276	FASTENAL COMPANY	Summarized transactions: 25	373.83

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 02/14/2014 To 03/13/2014

Consolidated & Summarized Below 1,000

277	SPECIALTY TURF & AG INC	Summarized transactions: 2	362.84
278	DALES AUTO TRUCK AND TRANSMIS	Summarized transactions: 3	362.80
279	FRANKLIN ENERGY SERVICES LLC	Summarized transactions: 2	354.20
280	MILESTONE MATERIALS	Summarized transactions: 1	353.17
281	MSC INDUSTRIAL SUPPLY CO INC	Summarized transactions: 6	352.99
282	CORPORATE WEB SERVICES INC	Summarized transactions: 1	335.00
283	A T & T	Summarized transactions: 1	330.56
284	CENTURYLINK	Summarized transactions: 1	325.95
285	HERCULES INDUSTRIES INC	Summarized transactions: 3	325.59
286	ALTERNATIVE TECHNOLOGIES INC	Summarized transactions: 1	325.00
287	INCOM DIRECT	Summarized transactions: 3	320.82
288	COOKE ROBERT	Summarized transactions: 3	317.71
289	BOWMANS SAFE & LOCK SHOP LTD	Summarized transactions: 3	311.54
290	ZIEGLER INC	Summarized transactions: 1	305.52
291	WOODRUFF COMPANY	Summarized transactions: 10	291.50
292	OLSEN CHAIN & CABLE CO INC	Summarized transactions: 6	286.53
293	PRO-VISION INC	Summarized transactions: 3	271.82
294	METRO SALES INC	Summarized transactions: 1	265.61
295	FRONTIER	Summarized transactions: 1	258.72
296	GRAINGER INC	Summarized transactions: 1	258.40
297	HAMILTON RYAN E	Summarized transactions: 1	249.61
298	EDINALARM INC	Summarized transactions: 1	247.95
299	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 15	243.51
300	INTERSTATE ALL BATTERY CENTER	Summarized transactions: 3	242.58
301	STEVE BENNING ELECTRIC	Summarized transactions: 1	235.00
302	IRON MOUNTAIN DBA	Summarized transactions: 1	230.34
303	ULTEIG ENGINEERS INC	Summarized transactions: 1	218.50
304	POMPS TIRE SERVICE INC	Summarized transactions: 3	211.46
305	REGISTRATION ELECTRIC SUPPLY	Summarized transactions: 2	207.67
306	G A ERNST & ASSOCIATES INC	Summarized transactions: 1	206.00
307	JOHN HENRY FOSTER MN INC	Summarized transactions: 2	205.32
308	ROSEMOUNT INC	Summarized transactions: 2	203.07
309	H2O INNOVATION USA INC (P)	Summarized transactions: 3	201.99
310	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 4	200.28
311	JETTER CLEAN INC	Summarized transactions: 1	200.00
312	UPPER MIDWEST METERING ASSOCI	Summarized transactions: 1	200.00
313	FEDEX	Summarized transactions: 9	197.42
314	MIDWEST MACHINE TOOL SUPPLY	Summarized transactions: 3	190.84
315	CISCO WEBEX LLC	Summarized transactions: 1	187.09
316	SWAGELOK MN INC (P)	Summarized transactions: 2	186.18
317	INTERSTATE MOTOR TRUCKS INC	Summarized transactions: 1	185.05
318	AMER WATER WORKS ASSN	Summarized transactions: 1	183.00
319	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 2	164.92
320	DEX MEDIA EAST INC	Summarized transactions: 1	164.45
321	SCHAD TRACY SIGNS INC	Summarized transactions: 2	156.00
322	NU-TELECOM dba	Summarized transactions: 1	151.99

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 02/14/2014 To 03/13/2014

Consolidated & Summarized Below 1,000

323	LUCKADOO RICK	Summarized transactions: 1	150.00
324	MN DEPT OF HEALTH - ENVIRO HE	Summarized transactions: 1	150.00
325	SECURITY IMAGING CORP	Summarized transactions: 2	147.00
326	JASPER ENGINEERING & EQUIP CO	Summarized transactions: 2	146.75
327	THOMAS TOOL & SUPPLY INC	Summarized transactions: 1	141.59
328	AFFILIATED GROUP INC	Summarized transactions: 1	133.50
329	HI LINE UTILITY SUPPLY CO (P)	Summarized transactions: 1	130.69
330	MN DEPT OF PUBLIC SAFETY	Summarized transactions: 2	125.00
331	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 1	124.72
332	CULLIGAN OF ROCHESTER INC	Summarized transactions: 2	124.39
333	BOBCAT OF ROCHESTER	Summarized transactions: 2	119.36
334	INSTY PRINTS ROCHESTER (P)	Summarized transactions: 2	119.14
335	CUSTOM TRUCK BODY & EQ CO INC	Summarized transactions: 2	117.17
336	DAKOTA SUPPLY GROUP	Summarized transactions: 2	116.49
337	ROCH RESTAURANT SUPPLY	Summarized transactions: 1	112.01
338	GREENWAY COOP SERVICE CO INC	Summarized transactions: 2	108.78
339	NAWROCKI JALISSA	Summarized transactions: 1	107.84
340	SHERWIN WILLIAMS CO	Summarized transactions: 2	106.79
341	NORTH AMERICAN ELECTRIC RELIA	Summarized transactions: 1	106.14
342	PAAPE ENERGY SERVICE INC	Summarized transactions: 1	102.90
343	LANGUAGE LINE SERVICES INC	Summarized transactions: 2	101.53
344	MICTA	Summarized transactions: 1	100.00
345	PRAIRIELAND UTILITY COORD COM	Summarized transactions: 1	100.00
346	BENSON ANTHONY	Summarized transactions: 1	99.68
347	THOMAS TOOL & SUPPLY INC	Summarized transactions: 4	98.77
348	PAPER & GRAPHICS INC	Summarized transactions: 1	96.49
349	WRIGHTS SMALL ENGINE SERVICE	Summarized transactions: 1	95.92
350	BENNETT PETER	Summarized transactions: 2	94.00
351	PROCESS ENGINEERING INC	Summarized transactions: 2	93.86
352	WERNER ELECTRIC SUPPLY	Summarized transactions: 2	91.91
353	SLEEPY EYE TELEPHONE CO	Summarized transactions: 1	84.76
354	MENARDS ROCHESTER NORTH	Summarized transactions: 2	79.46
355	LITTLE DAVID	Summarized transactions: 1	78.00
356	VANCO SERVICES LLC	Summarized transactions: 1	77.10
357	POST BULLETIN CO	Summarized transactions: 2	75.60
358	REBATES	Summarized transactions: 3	75.00
359	MASON TED	Summarized transactions: 1	74.80
360	PAULS LOCK & KEY SHOP INC	Summarized transactions: 1	66.00
361	CLEMENTS GM PARTS	Summarized transactions: 3	62.97
362	DALCO CORPORATION	Summarized transactions: 4	60.83
363	HATHAWAY TREE SERVICE INC	Summarized transactions: 1	60.00
364	OLM COUNTY PROPERTY RECORDS	Summarized transactions: 2	58.00
365	ROCH AREA BUILDERS INC	Summarized transactions: 3	52.00
366	C & N UPHOLSTERY	Summarized transactions: 1	48.09
367	MENARDS ROCHESTER NORTH	Summarized transactions: 4	46.18
368	TOMPKINS MARY	Summarized transactions: 1	45.45

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 02/14/2014 To 03/13/2014

Consolidated & Summarized Below 1,000

369	BROCK WHITE COMPANY LLC	Summarized transactions: 1	41.20
370	ASSOC OF ENERGY SERV PROFESSI	Summarized transactions: 1	40.00
371	ROSEAU ELECTRIC COOPERATIVE I	Summarized transactions: 1	40.00
372	COOK STEVEN J	Summarized transactions: 1	39.81
373	ZIEGLER INC	Summarized transactions: 1	34.61
374	DZUBAY TONY	Summarized transactions: 1	34.20
375	FEDEX	Summarized transactions: 3	33.59
376	MAINTENANCE ENGINEERING	Summarized transactions: 1	32.64
377	OLM COUNTY CENTRAL FINANCE	Summarized transactions: 1	28.80
378	AUTOMATED ENERGY INC	Summarized transactions: 1	28.00
379	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 1	25.54
380	ADVANTAGE DIST LLC (P)	Summarized transactions: 1	20.00
381	DOUBLETREE HOTEL - BGDS HOTEL	Summarized transactions: 1	20.00
382	GARCIA GRAPHICS INC	Summarized transactions: 1	18.75
383	BALDWIN COOKE COMPANY	Summarized transactions: 2	18.64
384	LARSON DRU	Summarized transactions: 1	15.00
385	HUMPHREY STEPHANIE	Summarized transactions: 1	15.00
386	LEITZ VICTORIA	Summarized transactions: 1	15.00
387	BIERBAUM DIRK	Summarized transactions: 1	15.00
388	HANSON PATRICIA S	Summarized transactions: 1	15.00
389	BLEVINS JAN	Summarized transactions: 1	15.00
390	ONLY SHOE REPAIR	Summarized transactions: 1	8.55
391	CARQUEST AUTO PARTS	Summarized transactions: 2	8.13
392	BORDER STATES ELECTRIC SUPPLY	Summarized transactions: 1	6.89
393			
394		Price Range Total:	185,698.15
395			
396		Grand Total:	9,863,140.67

FOR BOARD ACTION

Agenda Item # 4a

Meeting Date: March 25, 2014

SUBJECT: CONSIDERATION OF BIDS
Medium Voltage Cable

PREPARED BY: Steven Cook, Senior Electrical Engineer
Mona Hoeft, Buyer

ITEM DESCRIPTION:

On March 17, 2014, four vendors submitted responsible bids to supply medium voltage cable.

Escalation and de-escalation is allowed based on nationally published pricing for copper and aluminum on the day the item is shipped. Specifications allow for a manufacturing tolerance of up to +10 percent per reel. Billed cost will be based on actual lengths and the bid allows for adjustments in the quantities. Bid amounts do not include sales tax. Bid summary is as follows:

Vendor	Stock #2247 (1/0 AWG, Al, Solid, 220 mil) per 118,800/ft	Stock #16294 (750 KCMIL, Al, 220 mil) per 48,000/ft	Stock #11042 (4/0 AWG, Al, 220 mil) per 33,000/ft
Border States	243,183.60	280,032.00	81,411.00
Resco	272,444.04	325,502.40	85,074.00
Stuart Irby	240,451.20	291,552.00	75,867.00
Wesco	273,482.35	314,285.76	83,690.64

Based on our evaluation of the bids, the lowest responsive bidders were Border States with a price of \$280,032.00 for item #16294 and Stuart C. Irby with a combined price of \$316,318.20 for items #2247 and #11042.

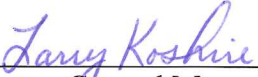
FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

The cost of cable and conductor is budgeted within the separate projects that will use this wire and cable. This is an annual bid, based on estimated usage, with the value of the total purchase of items estimated to be around \$596,350.20, subject to escalation/de-escalation. These inventory items are the more specialized cable and wire that RPU uses in our electric system.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve a resolution to enter into purchase order agreements with:

- a. Border States Industries, Inc. for \$280,032.00.
- b. Stuart C. Irby for \$316,318.20.



General Manager

3/20/14

Date

ROCHESTER PUBLIC UTILITIES



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Border States Industries, Inc. and Stuart C. Irby for:

Medium Voltage Cable

Item #	Description
2247	1/0 AWG, Al, Solid, 220 mil
16294	750 KCMIL, Al, 220 mil
11042	4/0 AWG, Al, 220 mil

The base amount of the purchase order for item #16294 to be TWO HUNDRED EIGHTY THOUSAND THIRTY TWO AND 00/100 DOLLARS (\$280,032.00) with Border States Industries, Inc. being the lowest responsible bidder subject to metals escalation and de-escalation.

The base amount of the purchase order for item #2247 and #11042 to be THREE HUNDRED SIXTEEN THOUSAND THREE HUNDRED EIGHTEEN AND 20/100 DOLLARS (\$316,318.20) with Stuart C. Irby being the lowest responsible bidder subject to metals escalation and de-escalation.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of March, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 4b

Meeting Date: March 25, 2014

SUBJECT: Water Storage Tank Repair/Repainting
Viola High Level Tower #98

PREPARED BY: Cary Johnson, Manager of Maintenance and Construction – Water Operations
Mona Hoefft, Buyer

ITEM DESCRIPTION:

Eight bids were opened on March 11, 2014 for repairing and repainting the Viola High Level Tower Water Storage Tank for work to be completed in 2014.

This work consists of exterior coating replacement and interior wet area coating replacement on the 500,000 gallon Viola High Level Tower #98. A breakdown of the bids is as follows:

Contractor	Bid Amount
MK Painting	\$130,800
Neumann Contractors	\$135,900
Central Tank Coatings	\$143,200
Tri-State Coatings	\$164,400
TMI Coatings	\$171,280
Classic Protective Coatings	\$173,775
McGuire Iron	\$187,340
Osseo Construction	\$189,500

Based on our evaluation of the bids, MK Painting Inc. was determined to be the lowest responsive responsible bidder with a price of \$130,800.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

The 2014 Water Maintenance and Construction budget includes \$200,000 for this storage tank project to be completed in 2014.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve a resolution to enter into a contract with MK Painting, Inc. in the amount of \$130,800 and authorize the Mayor and City Clerk to execute the Agreement.



General Manager



Date

ROCHESTER PUBLIC UTILITIES



RESOLUTION

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

Water Storage Tank Repair/Repainting
Viola High Level Tower #98

The amount of the contract to be ONE HUNDRED THIRTY THOUSAND EIGHT HUNDRED AND 00/100 DOLLARS (\$130,800) and MK Painting, Inc. being the lowest responsible bidder.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of March, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 4c

Meeting Date: March 25, 2014

SUBJECT: Water Storage Tank Repair/Repainting
Golden Hill High Level Tower #91

PREPARED BY: Cary Johnson, Manager of Maintenance and Construction – Water Operations
Mona Hoeft, Buyer

ITEM DESCRIPTION:

Seven bids were opened on March 11, 2014 for repairing and repainting the Golden Hill High Level Tower Water Storage Tank for work to be completed in 2014.

This work consists of exterior coating replacement and interior wet area coating replacement on the 400,000 gallon Golden Hill High Level Tower #91. A breakdown of the bids is as follows:

Contractor	Bid Amount
MK Painting	\$213,200
Osseo Construction	\$289,500
Tri-State Coating	\$300,000
Classic Protective Coatings	\$302,900
TMI Coatings	\$309,180
Champion Coatings	\$313,200
Neumann Co. Contractors	\$417,500

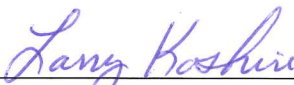
Based on our evaluation of the bids, MK Painting Inc. was determined to be the lowest responsive responsible bidder with a price of \$213,200.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

The 2014 Water Maintenance and Construction budget includes \$225,000 for this storage tank project to be completed in 2014.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve a resolution to enter into a contract with MK Painting, Inc. in the amount of \$213,200 and authorize the Mayor and City Clerk to execute the Agreement.



General Manager



Date



RESOLUTION

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

Water Storage Tank Repair/Repainting
Golden Hill High Level Tower #91

The amount of the contract to be TWO HUNDRED THIRTEEN THOUSAND TWO HUNDRED AND 00/100 DOLLARS (\$213,200) and MK Painting, Inc. being the lowest responsible bidder.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of March, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 5

Meeting Date: March 25, 2014

SUBJECT:

Accounting for Service Territory Acquisition Costs

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 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued in December, 2010, and prescribes general standards of accounting for the effects of regulation.

Explanation of GASB 62 as it applies to Accounting for the Effects of Regulation

GASB Statement No. 62 recognizes the economic ability of regulators, or the RPU Board in this case, to create future economic benefits from costs incurred currently by taking action to create regulatory assets. Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers through the ratemaking process.

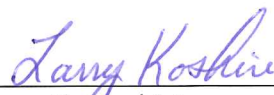
In order for a cost to qualify under the provisions of GASB 62, two criteria must be met:

- a. It is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.
- b. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs.

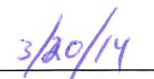
Formalizing accounting for Service Territory Acquisition Costs as a Regulatory Asset

Under previously Board-approved settlement agreements with People's Cooperative Services (PCS), RPU is required to make payments to PCS related to the acquisitions of certain electric service rights from PCS. The payment is based on kilowatt hours (kWh) sold in acquired areas and varies by each settlement agreement. Currently the kWh compensation rate ranges from 12.73 mills (tenths of a cent) per kWh to 16.00 mills per kWh. These commitments expire over various periods with a maximum term of ten years for each acquisition. It has been RPU's practice since the inception of these agreements to capitalize these costs and amortize them over a forty-year period which has an impact on operating income. Since operating income is a key metric for RPU management in analyzing the adequacy of rates, and also for the RPU Board in evaluating RPU management's rate recommendations, it is evidence that both of the criteria described above have been met.

A resolution to establish a regulatory asset for \$11,386,846 of unamortized service territory acquisition costs as of January 1, 2013, and amortize those costs over a period deemed appropriate for rate recovery is attached. The resolution also states that additional future service territory acquisition costs will receive the same accounting and ratemaking treatment.



General Manager



Date

FOR BOARD ACTION

Agenda Item #

Meeting Date: March 25, 2014

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not Applicable

UTILITY BOARD ACTION REQUESTED:

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

General Manager

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 GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, 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 service territory acquisition as a regulatory asset and amortize these costs over a period deemed appropriate for rate recovery; and

WHEREAS, as of January 1, 2013, RPU's unamortized service territory acquisition costs totaled \$11,386,846; and

WHEREAS, RPU recommends that the Board of Directors approve the creation of a regulatory asset for RPU's unamortized service territory acquisition costs as of January 1, 2013, which totaled \$11,386,846, as well as any additional service territory acquisition costs incurred on and after January 1, 2013 to be recovered over a period deemed appropriate for rate recovery; then

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that a regulatory asset be established for RPU's unamortized service territory acquisition costs as of January 1, 2013, which totaled \$11,386,846, as well as any additional service territory acquisition costs incurred on and after January 1, 2013 to be recovered over a period deemed appropriate for rate recovery.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of March, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 6

Meeting Date: March 25, 2014

SUBJECT:

CapX – Buy & Sell the Farm Resolution

PREPARED BY:

Randy Anderton, Manager of Engineering

ITEM DESCRIPTION:

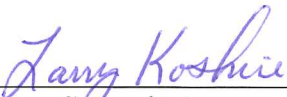
As part of the CapX right-of-way acquisition process for transmission lines in excess of 200kV, some land owners that meet certain criteria have the option of selling their entire property to the utility that is requiring a portion of the property for a utility easement. After these properties have been purchased, eventually the utility company will sell off the majority of the property that is not necessary for the right-of-way for the transmission line.

This resolution gives Xcel Energy the proper authorities to act as agent for RPU and the other CapX partners for the selling of these properties.

This resolution has been reviewed by the City Attorney and Eric Swanson with Winthrop and Weinstine.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board request the Council to approve the attached “*Resolution Approving Execution of Purchase Agreements to Buy and Sell Buy-The-Farm Properties and Deposit the Proceeds*” and that the Mayor and City Clerk execute the document.



General Manager



Date



RESOLUTION

HAMPTON – ROCHESTER - LA CROSSE TRANSMISSION PROJECT

RESOLUTION APPROVING EXECUTION OF PURCHASE AGREEMENTS TO BUY AND SELL BUY-THE-FARM PROPERTIES AND DEPOSIT THE PROCEEDS

March 25, 2014

WHEREAS, the City of Rochester, a Minnesota municipal corporation acting through its Public Utility Board (the “Company”), is engaged in the business of generating and transmitting electric power and energy in the state of Minnesota; and

WHEREAS, the Company is a party to the Project Development Agreement for the CapX 2020 Hampton-Rochester-La Crosse Transmission Project, dated as of December 21, 2012 (the “PDA”) (each capitalized term used but not otherwise defined herein shall have the meaning assigned to such term in the PDA); and

WHEREAS, the Company, in its capacity as an Owner, is a party to the Project Agreements for the CapX 2020 Hampton-Rochester-La Crosse Transmission Project, dated as of December 21, 2012, as the same may be amended from time to time (the “Project Agreements”); and

WHEREAS, the Minnesota Public Utilities Commission (the “Commission”) has granted Certificates of Need (“CON”) and Routing Permits that authorize the Owners to construct and operate approximately 150 miles of new 345 kV and 161 kV transmission lines in Dakota, Goodhue, Olmsted and Wabasha Counties, from the Hampton Substation to the North Rochester Substation in Olmsted County and from the North Rochester Substation, across the Mississippi River, to the Briggs Road Substation near Holmen, Wisconsin (the “Project”); and

WHEREAS, the Company has appointed Northern States Power Company as the Administrative Agent for the Company in connection with the Project (the “Administrative Agent”). The Administrative Agent, pursuant to the terms and conditions of the Administrative Agent Agreement, is designated to act on behalf of the Company for certain matters relating to the Project; and

WHEREAS, Northern States Power Company is the Construction Manager for the Project, and in connection with its role as Construction Manager, Northern States Power Company and Fredrikson and Byron, the Project’s Land Rights Counsel (“Counsel”), pursuant to the Project Agreements, were authorized to bring such legal actions, including the use of eminent domain, as

may be required to acquire the property rights necessary to construct the transmission line and related facilities; and

WHEREAS, pursuant to an owner's election pursuant to Minn. Stat. § 216E.12, Minnesota's "Buy the Farm" Statute, or pursuant to an owner's representation that an election under Minn. Stat. § 216E.12 would be made by the owner, Northern States Power Company, on behalf of the Owners of the Project, in its capacity as the Construction Manager for the Project, may be required to acquire and subsequently agree to sell fee title for the Owners of the Project as tenants in common to certain parcels of land over which the easements cross ("Buy-the-Farm Properties"); and

WHEREAS, the Company proposes that Anthony T. Jandro, Director of Transmission Portfolio Delivery for Xcel Energy, on behalf of Northern States Power Company, as Administrative Agent for the Company, be authorized to execute and deliver the purchase agreements on behalf of the Company to acquire and to subsequently sell Buy-the-Farm Properties, subject to the terms and conditions set forth below; and

NOW, THEREFORE, BE IT RESOLVED, that the Company hereby adopts and approves the following resolutions:

RESOLVED, that Anthony T. Jandro, Director of Transmission Portfolio Delivery for Xcel Energy, on behalf of Northern States Power Company, acting as the Administrative Agent for the Company, be and is hereby authorized, empowered, and directed on behalf of the Company, to execute, acknowledge, and deliver for, on behalf of, and in the name of the Company, in such form and content as shall be conclusively determined by him, in consultation with Counsel, purchase agreements for Buy-the-Farm Properties on behalf of the Company, his signature being conclusive evidence of the Company agreeing to the terms and conditions contained therein, subject to the following conditions:

1. Any purchase agreement for a Buy-the-Farm Property shall be reviewed and approved by Counsel prior to execution;
2. The offered purchase price to sell a previously acquired Buy-the-Farm Property shall be at least 90 percent of the appraised value of the property. For the purposes of this provision, the appraised value shall be determined by either:
 - a. Subtracting the amount allocated to the easement in the condemnation appraisal from the appraised value of the fee set forth in the condemnation appraisal, or
 - b. If an appraisal of a Buy-the-Farm Property has been obtained after the Company's acquisition of the Buy-the-Farm Property, the value set forth in the updated appraisal (the updated appraisal shall value the property subject to the transmission easement that will be retained by the Owners, as tenants in common, including the Company).

3. If an offered purchase price for a Buy-the-Farm Property is less than 90 percent of the appraised value for the property, and Mr. Jandro recommends that a purchase agreement be executed for an amount less than 90 percent, an email approving the transaction from the Company's authorized representative on the CapX 2020 Project Management Committee shall serve as evidence of the Company's authorization for Mr. Jandro to execute the purchase agreement.

RESOLVED, that Anthony T. Jandro, Director of Transmission Portfolio Delivery for Xcel Energy, on behalf of Northern States Power Company as Administrative Agent for the Company, subject to the conditions stated herein, is hereby authorized, empowered, and directed on behalf of the Company, to execute, acknowledge, and deliver for, on behalf of, and in the name of the Company, to do and perform each and every act and thing and to execute, acknowledge, and deliver each and every certificate, documents, or instrument, which in his judgment, is or may be necessary to carry out the intent of the foregoing resolution.

RESOLVED, all proceeds from the sale of the previously acquired Buy-the-Farm Properties are to be submitted by wire transfer and deposited in the Project's Minnesota trust account.

RESOLVED, that all actions related to the foregoing recitals and resolutions which have heretofore or shall hereafter be taken by the Company be, and they hereby are, confirmed, ratified and approved in all respects.

President

Secretary

FOR BOARD ACTION

Agenda Item # 7

Meeting Date: March 25, 2014

SUBJECT: Amendment to Verizon Wireless Master Site Agreement (Eight Sites)

PREPARED BY: Doug Rovang, Sr. Civil Engineer

ITEM DESCRIPTION:

A proposed amendment to the 2005 Verizon Eight-Site Agreement for the location of wireless (cell phone) communications equipment installations at RPU infrastructure sites is attached. It reflects increased RPU commercial liability insurance coverage requirements since the original Site Agreement was entered into by the City and Verizon in 2005. The eight Verizon sites are listed below.

- 1) ROC007 (John Adams Water Tower Site)
- 2) ROC010 (Apache Water Tower Site)
- 3) ROC011 (Willow High Water Tower Site)
- 4) ROC012 (Country Club Standpipe Site)
- 5) ROC017 (Viola Water Tower Site)
- 6) ROC022 (SE Water Tower Site)
- 7) ROC023 (Airport Water Tower Site)
- 8) ROC028 (Parcel at SLP Site)

The City Attorney has reviewed the proposed Amendment.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

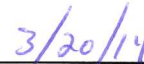
Not Applicable.

UTILITY BOARD ACTION REQUIRED:

Management recommends the Utility Board approve the proposed Amendment to the above-listed Amendment to 2005 Verizon Master Site Agreement, and request the Mayor and City Clerk to execute the Amendment.



General Manager



Date

ROCHESTER PUBLIC UTILITIES

ROC007
ROC010
ROC011
ROC012
ROC017
ROC022
ROC023
ROC028

City of Rochester

**AMENDMENT NO. 1 TO MASTER SITE AGREEMENT
(Eight Sites)**

This Amendment No. 1 to Master Site Agreement (Eight Sites) ("Master Amendment") is made as of this ____ day of _____, 2014, by and between the City of Rochester, a Minnesota municipal corporation, ("CITY") as lessor, whose address is 4000 East River Road NE, Rochester, Minnesota 55905 and Verizon Wireless (VAW) LLC d/b/a Verizon Wireless ("LESSEE"), as lessee, and is an amendment to the Master Site Agreement dated July 8, 2005 (the "Agreement").

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CITY and LESSEE covenant and agree as follows:

Effective upon the full execution of this Master Amendment, Paragraph 10 of the Agreement is hereby deleted in its entirety and is replaced with the following:

10. INSURANCE. LESSEE shall maintain commercial liability insurance acceptable to the CITY, insuring LESSEE against liability for personal injury, death or damage to personal property arising out of use of the Leased Premises by LESSEE, with combined single limits of at least \$1,500,000 each occurrence/\$3,000,000 aggregate to cover claims for injury or damage resulting or arising from the actions of LESSEE, its officers, employees or agents during the term of the Agreement.

Further, LESSEE shall furnish City with a current insurance certificate or certificates ongoing throughout the life of this Agreement evidencing such insurance coverage. Said certificates shall provide the following:

- a. The liability insurance policies shall name the City of Rochester as an additional insured for claims arising from any LESSEE activity which occurs pursuant to this agreement. LESSEE's liability insurance shall be primary to any insurance held by the City of Rochester.
- b. Certificate holder shall be listed as:

City of Rochester
Acting Through Its Public Utility Board
4000 East River Road NE
Rochester MN 55906-2813

IN WITNESS WHEREOF, the parties have executed this Master Amendment as of the dates written below.

CITY

City of Rochester, a Minnesota municipal corporation

By: _____

Print Name: _____
 Its: Mayor

By: _____

Print Name: _____
 Its: City Clerk

[MUNICIPAL SEAL]

Date: _____

Approved as to Form: _____

Print Name: _____
 Its: City Attorney

By: _____

Print Name: _____
 Its: General Manager, Rochester Public Utilities

LESSEE

Verizon Wireless (VAW) LLC d/b/a Verizon Wireless

By: _____
 Name: Lynn Ramsey
 Title: Area Vice President Network

Date: _____

CITY ACKNOWLEDGEMENT

STATE OF MINNESOTA)
)SS
COUNTY OF OLMSTED)

The foregoing instrument was acknowledged before me this ____ day of _____,
2014, by _____,
_____, and _____, the Mayor, City Clerk, City
Attorney and Rochester Public Utilities General Manager, respectively, of the City of Rochester, a
Minnesota municipal corporation, on behalf of the corporation.

[seal]

Notary Public
My commission expires_____

LESSEE ACKNOWLEDGEMENT

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

On this ____ day of _____, 2014, before me, the undersigned, a Notary Public in and for
the State of Illinois, duly commissioned and sworn, personally appeared Lynn Ramsey, to me known to
be the Area Vice President Network of Verizon Wireless (VAW) LLC d/b/a Verizon Wireless, that
executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and
deed of Verizon Wireless (VAW) LLC d/b/a Verizon Wireless, for the uses and purposes therein
mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and
year first above written.

Print or Type Name: _____
Notary Public in and for the State of Illinois
My commission expires: _____

[Seal]



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the attached Amendment to the Verizon 2005 Master Site Agreement for the eight sites listed below, and to request the Mayor and the City Clerk to execute the Amendment.

- 1) ROC007 (John Adams Water Tower Site)
- 2) ROC010 (Apache Water Tower Site)
- 3) ROC011 (Willow High Water Tower Site)
- 4) ROC012 (Country Club Standpipe Site)
- 5) ROC017 (Viola Water Tower Site)
- 6) ROC022 (SE Water Tower Site)
- 7) ROC023 (Airport Water Tower Site)
- 8) ROC028 (Parcel at SLP Site)

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of March, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 8

Meeting Date: March 25, 2014

SUBJECT:

Annual Update of Cost and Rate Schedules for Cogeneration & Small Power Production Rate (SPP) Tariff

PREPARED BY:

Michael Heppelmann, Senior Financial Analyst

ITEM DESCRIPTION:

Minnesota Statute 216B.164 requires that each utility must file a new Power Production Tariff annually with the commission, or for municipal utilities, with their governing board. If there are no changes to the tariff other than Schedule C, this statute allows for the filing of a new Schedule C, with notification to the utility board that there are no other changes.

There are no other changes to the tariff, and the update for Schedule C is attached.

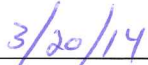
Currently RPU has twenty-six Residential customers qualifying as Small Power Producers under the Cogeneration Rules. These customers are all net metered and fall under the 2013 Residential rate of \$.0987, which is the proposed rate for 2014. The 2012 rate in effect during 2013 was \$.0994. This represents a decrease of .7%. RPU also has three Commercial (SGS) customers who have chosen to install the net metering required to qualify for the SPP rate. These customers fall under the 2013 SGS rate of .0991 which is the proposed rate for 2014. The 2012 rate in effect for 2013 was .995, representing a decrease of .4%. There are five other Commercial (MGS) and one Industrial (LIS) customer that have opted not to install net metering to qualify for this rate. MGS customers would fall under the 2013 rates of \$.0959, which is the proposed rate for 2014. The 2012 MGS rate in effect during 2013 was \$.0971, representing a decrease of 1.2%. The LIS Customer would fall under the 2013 LIS rate of .0825, which is the proposed rate for 2014. The 2012 LIS rate in effect for 2013 was .0820, representing an increase of .5%.

UTILITY BOARD ACTION REQUESTED:

It is recommended that the Utility Board request Common Council approval of the updated Schedule C, to be attached to the previously approved Rules Covering Cogeneration and Small Power Production Facilities.



General Manager



Date

ROCHESTER PUBLIC UTILITIES

ROCHESTER PUBLIC UTILITIES
RULES COVERING COGENERATION
AND SMALL POWER PRODUCTION

SCHEDULE C

	2013	2012	
RESIDENTIAL			
Total revenues	\$ 42,344,832.72	\$ 41,924,194.94	
Less fixed revenues (customer charge)	\$ 7,887,388.71	\$ 7,830,582.68	
Net revenues	<u>\$ 34,457,444.01</u>	<u>\$ 34,093,612.26</u>	
kWh	<u>348,952,408</u>	<u>342,985,744</u>	
Average retail energy rate	\$ 0.0987	\$ 0.0994	-0.7%
COMMERCIAL			
SGS			
Total revenues	\$ 15,976,379.85	\$ 15,942,132.81	
Less fixed revenues (customer charge)	\$ 1,505,830.69	\$ 1,504,240.57	
Net revenues	<u>\$ 14,470,549.16</u>	<u>\$ 14,437,892.24</u>	
kWh	<u>146,076,168</u>	<u>145,151,781</u>	
Average retail energy rate	\$ 0.0991	\$ 0.0995	-0.4%
MGS			
Total revenues	\$ 33,163,187.99	\$ 32,818,778.44	
Less fixed revenues (customer charge)	-	-	
Net revenues	<u>\$ 33,163,187.99</u>	<u>\$ 32,818,778.44</u>	
kWh	<u>345,715,822</u>	<u>338,116,220</u>	
Average retail energy rate	\$ 0.0959	\$ 0.0971	-1.2%
LGS			
Total revenues	\$ 13,202,687.60	\$ 13,691,095.27	
Less fixed revenues (customer charge)	-	-	
Net revenues	<u>\$ 13,202,687.60</u>	<u>\$ 13,691,095.27</u>	
kWh	<u>149,418,281</u>	<u>151,423,753</u>	
Average retail energy rate	\$ 0.0884	\$ 0.0904	-2.3%
INDUSTRIAL			
Total revenues	\$ 18,562,733.93	\$ 19,405,819.76	
Less fixed revenues (customer charge)	-	-	
Net revenues	<u>\$ 18,562,733.93</u>	<u>\$ 19,405,819.76</u>	
kWh	<u>225,082,437</u>	<u>236,565,595</u>	
Average retail energy rate	\$ 0.0825	\$ 0.0820	0.5%



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a revised Schedule C of the RPU Cogeneration and Small Power Production (SPP) Rate Tariff which is updated annually after each calendar year by RPU. This is required by Section III, paragraph A of the Rules Covering Cogeneration and Small Power Production Facilities (Minnesota Statutes Section 216B.164 Subdivision 9) which were previously approved by the Board/ Council in June 2005.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of March, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 9

Meeting Date: March 25, 2014

SUBJECT: Update on Cost of Service Study

PREPARED BY: Susan Parker, Director of Corporate Services

ITEM DESCRIPTION:

Each month the Finance and Audit Committee of the Board conducts a conference call with the UFS consultants on the progress of the cost of service study. In order for the staff and consultants to continue to make progress on the study and make the full rate recommendations in June certain milestone decisions need to be made. Last month staff introduced two items that we needed to have a consensus decision. These two items are:

- Utility Basis versus Cash Basis Rate Methodology
- Power Cost Adjustment Mechanism

A brief presentation will be made on the two concepts and staff will ask for direction from the board. The other financial targets cannot be developed without some direction on these two items.

Other items that will be brought to the Board in the future for consideration are:

- Input on the development of financial targets
- Feedback on the overall results of the cost of service study
- Leeway to provide UFS in design of electric rates
- Energy conservation and rate designs to promote energy conservation efforts

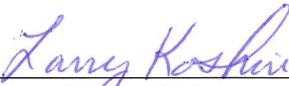
Based on the conference call results just prior to the board meeting more information may be available to be shared by the Finance and Audit Committee and staff.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not Applicable

UTILITY BOARD ACTION REQUESTED:

Provide staff with consensus direction on basis for rate methodology and power cost adjustment.



General Manager



Date

FOR BOARD ACTION

Agenda Item # 10

Meeting Date: March 25, 2014

SUBJECT:

SLP Decommissioning Plan Update – March 2014

PREPARED BY:

W. Schlink

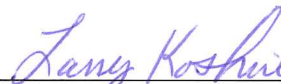
ITEM DESCRIPTION:

At the December 2013 meeting the Board requested regular updates on the progress of the decommissioning of the Silver Lake Power Plant.

Staff will present an overview of the progress that has been made since the December 2013 presentation.

UTILITY BOARD ACTION REQUESTED:

This item is for discussion only. No action will be requested.



General Manager



Date

FOR BOARD ACTION

Agenda Item # 11

Meeting Date: March 25, 2014

SUBJECT: General Manager Hiring Process Update

PREPARED BY: Larry Koshire, General Manager

ITEM DESCRIPTION:

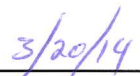
At the Board meeting the Board President will provide an update on the process for recruiting, interviewing and hiring of a General Manager.

UTILITY BOARD ACTION REQUESTED:

Informational only



General Manager



Date