



# **Rochester Public Utilities**

## **Board Meeting Packet**

**July 29, 2014**



ROCHESTER PUBLIC UTILITIES BOARD

MEETING AGENDA –July 29, 2014

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

4:00 PM

1. Approval of Minutes of June 24, 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. Chester Substation Disconnect Switches
  - b. Professional Services Agreement for Asbestos Project Management
5. Financial Results as of June 30, 2014
6. Electric Cost of Service Study Results
  - a. Accept and place on file
  - b. Approve notice of proposed rate changes
7. General Managers Report
8. Other Business
9. Adjourn

*The agenda and board packet for Utility Board meetings are available on-line at [www.rpu.org](http://www.rpu.org) and <http://rochestercitymn.igam2.com/Citizens/Default.aspx>*

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
June 24, 2014

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

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

1. President Williams recognized and thanked Greg Heppner and Doug Rovang for their years of service with Rochester Public Utilities.

2. Mr. Stahl moved to approve the minutes of the May 27 & June 3rd, 2014 meetings, with the correction of the recessed meeting date being changed to May 27<sup>th</sup>, seconded by Mr. Browning.

All voting "AYE"

3. Mr. Reichert moved to approve the Accounts Payable, seconded by Mr. Stahl.

All voting "AYE"

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

Mr. Wojcik joined the meeting at 4:15 PM.

5. Mr. Wojcik moved to approve the purchase agreement for the Olmsted County Campus water system and the separate Letter of Understanding dated May 29, 2014 reading as follows, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a Purchase Agreement and supplemental Letter of Understanding with Olmsted County, and request that the Mayor and City Clerk execute the Purchase Agreement for

Purchase of Olmsted County Campus Water System

The amount of the Purchase Agreement to be ONE DOLLAR (\$1) and other valuable consideration, including those obligations set forth separately by contract or agreement.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 24th day of June, 2014.

6. Mr. Wojcik moved to approve Amendment 5 to Schedule A of the Power Sales Contract between Southern Minnesota Municipal Power Agency reading as follows, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve an amendment to the Power Sales Contract between Southern Minnesota Municipal Power Agency and the City of Rochester, Minnesota and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for:

Amendment 4 to Schedule A of the Power Sales Contract between Southern Minnesota Municipal Power Agency and the City of Rochester, Minnesota

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 24th day of June, 2014.

7. General Manager's Report:
- Decommissioning Update
  - SMMPA Board Meeting
  - Mr. Reichert, Mr. Williams and Mr. Kotschevar all attended the APPA National Conference in Denver. Mr. Reichert attended a Cyber security and Physical security session. Mr. Williams attended a session on strategic planning. Next year's conference will be held in Minneapolis.
8. Management Report's:
9. Other Business:
- The Board proposed a study session this fall to discuss various topics including policies.
10. Mr. Browning moved to adjourn the meeting at 5:00 PM, seconded by Mr. Reichert.

All voting "AYE"

A Study session immediately followed the regular board meeting.

Submitted by:

\_\_\_\_\_  
Secretary

Approved by the Board

\_\_\_\_\_  
Board President

\_\_\_\_\_  
Date

Unapproved

# ROCHESTER PUBLIC UTILITIES

## A/P Board Listing By Dollar Range

For 06/16/2014 To 07/14/2014

Consolidated & Summarized Below 1,000

<u>Greater than 50,000 :</u>			
1			
2			
3	SOUTHERN MN MUNICIPAL POWER A	Monthly Billing 7,961,898.43	
4	XCEL ENERGY CORP	CapX - LaCrosse Project CMA 744,443.93	
5	MN DEPT OF REVENUE	May Sales and Use Tax 427,108.82	
6	MN DEPT OF REVENUE	June Prepaid 390,000.00	
7	BORDER STATES ELECTRIC SUPPLY	Wire, AL, 15kV, 750 Str, 1/C, 220 Jacket 325,845.67	
8	KEY GOVERNMENT FINANCE INC	Third and final lease payment, Key Gov't 265,057.03	
9	STUART C IRBY CO INC	Wire, AL, 15kV, 1/0 Solid, 1/C, Jacketed 117,593.92	
10	MASTEC NORTH AMERICA INC	2014 Directional Boring/Misc Excavation 107,539.20	
11	DN TANKS INC	3.3 Mil Gal Reservoir Project - Phase 2 104,100.45	
12	BURNS & MCDONNELL INC	Engineering Services - Sub & Trans Line 92,777.54	
13	DN TANKS INC	AP Contract Retentn 75,261.78	
14	OSI-OPEN SYSTEMS INTERNATIONA	SCADA Replacement - Electric 67,475.53	
15	WORKS COMPUTING INC	HP Blade System 58,626.86	
16	FRANKLIN ENERGY SERVICES LLC	DSM / CIP Services 2014 53,542.00	
17	M A P P C O R	3rd Quarter 2014 50,824.00	
18			
19		<b>Price Range Total:</b> 10,842,095.16	
20			
21	<u>5,000 to 50,000 :</u>		
22			
23	TRENCH LTD	CVT, Outdoor, 161kV 1400/800:1 Relay Acc 49,429.69	
24	BILLTRUST dba	Credit Card/Billing/Mailing/IVR Services 40,244.80	
25	BOB BRAATEN CONSTRUCTION INC	Chester Substation Grading & Excavating 38,609.00	
26	MASTEC NORTH AMERICA INC	Directonal Bore Mayowood Masion 38,389.12	
27	PEOPLES ENERGY COOPERATIVE (P	Services Compensable 6/1/2014-6/30/2014 37,690.90	
28	TELVENT USA LLC	ArcFM GIS Software Maint & Support 34,328.44	
29	USIC LOCATING SERVICES INC	2013-2014 Locating Services 32,096.00	
30	E H RENNER & SONS INC	Drilling of Well #41 30,275.00	
31	KEY BUILDERS INC	Generator Enclosure 28,544.00	
32	CDW GOVERNMENT INC	2015 CommVault Software Premier Maint 26,717.48	
33	BOB BRAATEN CONSTRUCTION INC	Grade, rock, and fndn S fenced Zumbro 24,090.00	
34	WRIGHT TREE SERVICE INC	2014 Hourly Tree Contract 23,183.88	
35	BLUESPIRE STRATEGIC MARKETING	2014 RPU Plugged In Contract 19,610.99	
36	THE ENERGY AUTHORITY INC	TEA MISO Resource Fee 19,388.66	
37	ALVIN E BENIKE INC (P)	Carpet Installation - Change Order 17,990.00	
38	SPARTA CONSULTING INC	SAP Value Engineering Prep Work Flex GL 17,718.00	
39	XYLO TECHNOLOGIES INC	2014 Dominic Avila - Corp Svcs/IS 17,514.00	
40	E H RENNER & SONS INC	Contract Retention Release 14,420.80	
41	INSTITUTE FOR ENVIRONMENTAL	Asbestos Project Design 14,250.00	
42	ACTION BATTERY WHOLESALERS IN	Battery, 24 cells 2V 10 OPzS 1000 14,153.46	
43	MCR PERFORMANCE SOLUTIONS INC	Develop MISO Historical Attachment O 14,119.91	
44	T K D A	Prof Engr Design & Construction Insp Svc 13,685.83	
45	RESCO	Switch, PM, Air, 3PH, 2-600SW/2-200F PSE 12,966.08	
46	McGRANN SHEA CARNIVAL STRAUGH	2014 Quarterly- Misc Legal 12,500.00	
47	CHS ROCHESTER	Monthly Fuel Purchases, May 12,477.94	
48	ALL SYSTEMS INSTALLATION INC	Fiber Terminations at Willow Creek Sub 12,308.00	

# ROCHESTER PUBLIC UTILITIES

## A/P Board Listing By Dollar Range

For 06/16/2014 To 07/14/2014

Consolidated & Summarized Below 1,000

49	VISION COMPANIES LLC (P)	Org Strategy Facilitation	12,225.00
50	CENTURYLINK	2014 Monthly Telecommunications	12,182.53
51	CENTURY FENCE CO INC	Fence construction & rebuild	11,678.00
52	U S ALLIANCE GROUP	Credit Card Processing Fees- June	11,222.10
53	CASCADE MEADOW WETLANDS &	2014 Annual Lease at Cascade Meadows	11,000.00
54	EMERGENT NETWORKS LLC	Server Migration	10,003.50
55	KEMA INC	Prof Serv - SCADA Upgrade	10,000.00
56	RESCO	Conduit, HDPE, 2.00, Empty	9,990.68
57	ENVENTIS dba	2014 Cisco SmartNet Main & Support	9,795.52
58	STEVE BENNING ELECTRIC	VFD Installation	9,540.75
59	ELCOR CONSTRUCTION INC	Core drill new hole/install PVC storm	9,495.00
60	WESCO DISTRIBUTION INC	Conduit, HDPE, 2.00, Orange, SDR 13.5	9,485.16
61	NALCO COMPANY	2014 DI Vessels & Related Rental	9,450.00
62	BOB BRAATEN CONSTRUCTION INC	Expand yard, regrade S hillside	8,994.00
63	WESCO DISTRIBUTION INC	Trans, OH, 1ph, 10kVA, 13.8/8, 120/240	8,670.60
64	WELLS FARGO BANK ACCT ANALYSI	2014 Banking Services	8,024.36
65	VIKING ELECTRIC SUPPLY INC	IBM Breaker Maintenance	8,015.63
66	D P C INDUSTRIES INC	2014 Hydrofluorosilicic Acid - Delivered	6,882.45
67	MN DEPT OF REVENUE	May Sales and Use Tax + June Accelerated	6,867.85
68	MASTEC NORTH AMERICA INC	Directional Bore @ Kadlec Wilder Rd NW	6,600.00
69	WESCO DISTRIBUTION INC	CT, Primary, 100/200/5	6,508.68
70	K & K HAULING	WA/service repair/926 17 Ave SW	6,500.00
71	SPARTA CONSULTING INC	SAP Value Engineering Prep Work SolMan	5,970.00
72	MCR PERFORMANCE SOLUTIONS INC	FERC Classification of Costs Review	5,891.59
73	ARNOLDS SUPPLY & KLEENIT CO (	2013-2014 Monthly Cleaning Services	5,887.74
74	XYLO TECHNOLOGIES INC	2014 Timothy Myers - Corp Svs/IS	5,772.00
75	CHS ROCHESTER	Monthly Fuel Purchases, May	5,765.35
76	DELL MARKETING LP	OptiPlex 9020, 8GB memory, 320GB hd	5,650.80
77	CHARTER MEDIA	Commercials	5,600.00
78	EXPRESS SERVICES INC	2014 Fred Rahn - Field Svcs	5,584.64
79	WORKS COMPUTING INC	HP Foundation Care Maintenance 3 yr	5,332.24
80	WESCO DISTRIBUTION INC	2.00" SDR 13.5, HDPE Orange with Blu Str	5,325.00
81	MASTEC NORTH AMERICA INC	Directional Bore NERC clearance mitigati	5,297.74
82	SPARTA CONSULTING INC	2014 SAP Application Support Travel Exp	5,256.91
83	S L CONTRACTING INC	Repair drive @ 1126 7 ST SW	5,240.00
84	CDW GOVERNMENT INC	Transceiver module, Cisco-SFP	5,059.46
85	RESCO	Cutout Door, 30A ELF, 15KV	5,005.60
86	PITNEY BOWES PURCHASE POWER	Postage meter refill 5/23	5,000.00
87			
88			907,472.86
89			
90	<b><u>1,000 to 5,000 :</u></b>		
91			
92	K & K HAULING	Water SA service repair / 222 11 ST NW	4,920.00
93	STUART C IRBY CO INC	Wire, Tracer, Orange, #12, CCS	4,702.50
94	ALVIN E BENIKE INC (P)	Board and Community Room Renovation	4,685.00
95	WORKS COMPUTING INC	HP Insight Control License Software	4,584.91
96	USA BLUE BOOK	Hydrant backflow preventer, 2"	4,479.65
97	D P C INDUSTRIES INC	2014 Carus 8500 Aqua Mag Kjell F35	4,372.70



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98	MN DEPT OF NATURAL RESOURCES	MN DNR Contract 64964 stream gauging	4,300.00
99	CRESCENT ELECTRIC SUPPLY CO	Compression tool, 6.2t flip-top dieless	4,189.50
100	BOWMANS SAFE & LOCK SHOP LTD	Rekey Substation Building Locks	4,171.79
101	VISION COMPANIES LLC (P)	Consulting Services	4,050.00
102	BORDER STATES ELECTRIC SUPPLY	Grd Sleeve, 3ph Sect. Encl, 18 x 67 x 23	3,879.56
103	BADGER METER INC (P)	Meter, Bare 5/8x3/4" Badger Disc	3,655.13
104	RESCO	Cutout Door, 50A ELF, 15KV	3,654.06
105	MCLEAN ENGINEERING COMPANY IN	Joint Use Agree Review and Recommend	3,638.50
106	WESCO DISTRIBUTION INC	2.0" SDR 13.5, HDPE Orange with Blue	3,550.00
107	ENVENTIS dba	2014 Network Maintenance Services	3,465.00
108	D P C INDUSTRIES INC	2014 Chlorine, 150 lb Cyl	3,425.00
109	PAYMENT REMITTANCE CENTER	Travel, SAP SOLMAN Training, Lori Gartne	3,375.00
110	NALCO COMPANY	DI Vessels, Anion, CC	3,366.56
111	POWER SYSTEMS ENGINEERING INC	City and Downtown Load Forecast	3,296.50
112	ROCH LANDSCAPING SERVICES INC	West Circle Dr	3,104.20
113	JENNINGS, STROUSS & SALMON PL	Legal Fees	3,069.45
114	WESCO DISTRIBUTION INC	PT, Outdoor, 8400/120, 1 Bushing	2,988.23
115	THE PARK AND FACILITIES	Picnic tables, 4' square w/hole	2,985.00
116	EVENTFUL GROUP LLC	Travel, SAP Utilities Conf Registration,	2,890.00
117	BORDER STATES ELECTRIC SUPPLY	Crossarm, Wood, Deadend, 8'	2,795.85
118	REINARTZ STEVE	CIP Conserve & Save Rebates	2,750.00
119	MN PIPE & EQUIPMENT	Hydrant, 8 ft	2,750.00
120	MISSISSIPPI WELDERS SUPPLY CO	fall protection lifeline grinder	2,749.57
121	GOPHER STATE ONE CALL	One calls tickets	2,720.50
122	XYLO TECHNOLOGIES INC	2014 Mark Johnson - Corp Svcs/IS	2,646.00
123	SCHWEITZER ENGINEERING LAB IN	Fault Indicator, Overhead	2,604.00
124	CITY OF ROCHESTER	Workers Comp Reinsurance, 3rd install	2,588.33
125	PITNEY BOWES GLOBAL FINANCIAL	Insertor and Mailing System Lease	2,582.13
126	BADGER METER INC (P)	Replacement flow meter for Well #36	2,550.00
127	CENTURY FENCE CO INC	Relocate & repair fence Zumbro station (	2,548.00
128	BORDER STATES ELECTRIC SUPPLY	USCO Switch mods parts kit	2,530.00
129	WORKS COMPUTING INC	HP Blade & VMware Upgrade Services	2,528.76
130	MOTOROLA INC	Trunking Baud Single System	2,512.00
131	K & K HAULING	WA / service repair/ 4917 Lionhart Dr NW	2,502.50
132	WESCO DISTRIBUTION INC	Elbow, 15kV, 600A, NLB,750 AL Compr Str	2,472.00
133	BORDER STATES ELECTRIC SUPPLY	Bracket, Equip Mtg, 3ph, 48", 6 Mtgs	2,424.14
134	BORDER STATES ELECTRIC SUPPLY	Elbow, 15kV, 200A, LB,1/0 Sol,175-220Mil	2,405.00
135	PEOPLES ENERGY COOPERATIVE (P	Construction Agreement, install URD prim	2,385.00
136	ENVENTIS dba	Phone System Support 3 Yrs (Monthly Bill	2,335.00
137	EZ STAK INC	Closet Unit Driver Side	2,251.06
138	BORDER STATES ELECTRIC SUPPLY	Conn, CRL, SL, #6Cu-0.33 Theft	2,248.68
139	BARR ENGINEERING COMPANY	Water Sustainability Study Services	2,225.54
140	KERRY	CIP Conserve & Save Rebates	2,200.00
141	FAIRWAY OUTDOOR FUNDING LLC	2014 Digital Billboard Contract	2,200.00
142	KWIK TRIP	CIP Conserve & Save Rebates	2,178.00
143	MOTOROLA INC	Radio, Vehicle, APX 4500	2,158.00
144	SCHEEL LAWRENCE	Travel Advance	2,145.66
145	ARNOLDS SUPPLY & KLEENIT CO (	2013-2014 Alternates	2,132.16
146	APPLE MINNESOTA	CIP Conserve & Save Rebates	2,125.68

# ROCHESTER PUBLIC UTILITIES

## A/P Board Listing By Dollar Range

For 06/16/2014 To 07/14/2014

### Consolidated & Summarized Below 1,000

147	ADVANCED DISPOSAL SVC SOLID W	2014 Waste Removal Services - SLP	2,118.10
148	WESCO DISTRIBUTION INC	Zforce Distribution Arrester 10kV	2,117.19
149	MN DEPT OF COMMERCE	Legislative Energy Commission Assessment	2,111.66
150	ALVIN E BENIKE INC (P)	AP Contract Retentn	2,108.25
151	FORBROOK LANDSCAPING SERVICES	Sodding, 1011 Belair Ln NW	2,083.50
152	ACTION BATTERY WHOLESALERS IN	Spill containment tray & neutral pillows	2,078.72
153	WESCO DISTRIBUTION INC	Meter Seal, Yellow Padlock	2,053.55
154	EZ STAK INC	Closet Unit Passenger Side	2,040.65
155	SENECA FOODS CORP	CIP Conserve & Save Rebates	2,040.00
156	EZ STAK INC	Closet Unit Driver Side	2,038.38
157	GYMBOREE	CIP Conserve & Save Rebates	2,004.06
158	L & S ELECTRIC INC	Contract Retention	2,000.00
159	EVENTFUL GROUP LLC	Travel, SAP Utilities Conf Reg, P Hanson	1,995.00
160	EVENTFUL GROUP LLC	Travel, SAP Utilities Conf Reg, S Humphr	1,995.00
161	EVENTFUL GROUP LLC	Travel, SAP Utilities Conf Reg, C Reiss	1,995.00
162	EVENTFUL GROUP LLC	Travel, SAP Utilities Conf Reg, J Drugg	1,995.00
163	EVENTFUL GROUP LLC	Travel, SAP Utilities Conf Reg, S Sang	1,995.00
164	STEVE BENNING ELECTRIC	Manual switch gear	1,983.73
165	WESCO DISTRIBUTION INC	Trans, PM, 1ph, 37.5kVA,13.8/8,240/120	1,982.56
166	TSP INC	Directors offices & hallway carpet repla	1,980.00
167	VISION COMPANIES LLC (P)	2014 IT Controls Testing	1,950.00
168	NETWORKFLEET INC	2014 Monthly Charge - GPS Fleet tracking	1,931.96
169	AFFILIATED CREDIT SERVICES IN	2014 Third Party Collections	1,905.57
170	BANKS JOSHUA C	Event Photography	1,900.00
171	SCHINDLER ELEVATOR CORP	Elevator Maintenance, 5 Yr	1,894.80
172	SHORT ELLIOTT HENDRICKSON INC	AT&T Antenna Installation Site Review	1,878.09
173	ADVANCED DISPOSAL SVC SOLID W	2014 Waste Removal Services - SC	1,872.38
174	IVERSON, PAUL	* Customer Refund - CCS 300000518395	1,811.00
175	WESCO DISTRIBUTION INC	3M Terminator Kits	1,801.00
176	SARGENTS LANDSCAPE NURSERY IN	Annuals	1,746.43
177	STUART C IRBY CO INC	Block, 60 deg 8in hd-nyln	1,717.00
178	STUART C IRBY CO INC	Fuselink, 100E, SMU-20	1,673.66
179	ARNOLDS SUPPLY & KLEENIT CO (	Lawn Mowing Services	1,668.00
180	BADGER STATE INSPECTION LLC	Inspection of T-Mobile Installation-Rose Harbor	1,667.50
181	BADGER STATE INSPECTION LLC	Inspection of T-Mobile Installations-North Park	1,667.50
182	STEVE BENNING ELECTRIC	VFD Replacement, Wellhouse 36, labor	1,608.00
183	CITY OF ROCHESTER	W/c	1,586.05
184	BORDER STATES ELECTRIC SUPPLY	Conn, CRP SL, #4-2/0 CU only	1,548.62
185	STUART C IRBY CO INC	Metal Sec. Encl, 3ph, 30" x 67" x 22"	1,541.67
186	STEVE BENNING ELECTRIC	Manual switch gear, labor	1,528.00
187	THE ENERGY AUTHORITY INC	TEA Activity 6/14/2014 - 6/20/2014	1,522.87
188	PAYMENT REMITTANCE CENTER	Travel APPA Nat'l Conf Reg, Kotschevar	1,520.00
189	BOB BRAATEN CONSTRUCTION INC	Grade, rock, and foundation prep N area	1,500.00
190	STUART C IRBY CO INC	Switch, Air, 2 Arm, 1ph, 600A, NLB	1,497.32
191	CRESCENT ELECTRIC SUPPLY CO	Wire, Copper, 600V, 12-2 Solid w/Grd, UF	1,493.56
192	CRESCENT ELECTRIC SUPPLY CO	Wire, Copper, 4/0 Str, Bare, 19 Str.	1,492.51
193	RESCO	Cutout Door, 12A ELF, 15KV	1,484.71
194	EZ STAK INC	Drawer Unit Passenger Side	1,474.02
195	PUGLEASA COMPANY INC	2014 Annual Inspections and Maintenance	1,469.00

# ROCHESTER PUBLIC UTILITIES

## A/P Board Listing By Dollar Range

For 06/16/2014 To 07/14/2014

Consolidated & Summarized Below 1,000

196	NOVASPECT INC	Software Support for Data Aggregation	1,455.40
197	CLEAR CHANNEL BROADCASTING IN	commercials	1,394.00
198	HEARTLAND TIRE	CIP Conserve & Save Rebates	1,392.00
199	CITY OF ROCHESTER	2014 Sweeping Services	1,389.17
200	THE FENCE PROS LLC (P)	Installation 20' double drive gate	1,350.00
201	REINHAUSEN MANUFACTURING INC	Arcing bypass contact tip	1,346.16
202	SHI INTERNATIONAL CORP	Adobe Acrobat XI Pro license	1,345.00
203	ONLINE INFORMATION SERVICES I	2014 Utility Exchange Report	1,340.40
204	EZ STAK INC	Locker unit Driver Side	1,335.28
205	WORKS COMPUTING INC	144-921 AdmGnl-Oper-Office Supplies_Exp	1,334.21
206	MADSEN BRIAN	2013-2014 Printer Maintenance contract	1,331.66
207	IVERSON, PAUL	* Customer Refund - CCS 300000518396	1,330.35
208	EPPS AARON	CIP Conserve & Save Rebates	1,320.00
209	SOMA CONSTRUCTION INC	Rock for main break	1,313.96
210	ENVENTIS dba	2014-2017 Monthly Data Services	1,307.76
211	DELL MARKETING LP	OptiPlex 9020, 32GB memory, 500GB hd	1,294.73
212	EZ STAK INC	Closet Unit Passenger Side	1,287.37
213	MASTEC NORTH AMERICA INC	Directional Bore-Canal Pt temp power	1,285.50
214	SCHLINK WALTER	Travel, APPA Nat'l Conf, hotel	1,256.50
215	WILLIAMS JERRY	Travel, APPA Nat'l Conf, hotel	1,256.50
216	WESCO DISTRIBUTION INC	Elbow, 15kV, 600A, NLB,750 AL Compr Str	1,236.00
217	SCHEEL LAWRENCE	Travel, NC Meter School, hotel	1,212.12
218	BORDER STATES ELECTRIC SUPPLY	Bracket, Equip Mtg, 3ph, 48", 6 Mtgs	1,212.07
219	THRONDSOIN OIL & LP GAS CO	CIP Conserve & Save Rebates	1,201.00
220	ACCURATE CALIBRATION SERVICES	meter bench calib.	1,200.00
221	ENVENTIS dba	Phone Queue Maintenance/Cleanup	1,200.00
222	S L CONTRACTING INC	Replace curb & sidewalk @ Rocky cr dr/No	1,182.00
223	BORDER STATES ELECTRIC SUPPLY	Conn, Fire-On, Lug, 2 Hole, 336 - 477	1,179.26
224	PAYMENT REMITTANCE CENTER	SAP Intro to BI, virtual class for P Ten	1,150.00
225	MCLEAN ENGINEERING COMPANY IN	Rate Recommend, Tech Support	1,146.88
226	CRW ARCHITECTURE + DESIGN GRO	Project 13-042 / wellhse 41	1,142.50
227	CANNON ELECTRIC MOTOR dba	Well 11 repair motor	1,094.22
228	WESCO DISTRIBUTION INC	CT, Primary, 100/200/5	1,084.78
229	POWER PRODUCTS & SERVICES	condensate pump seal	1,077.30
230	BAIER GERALD	2014 Garage Sweep Jan-December	1,068.75
231	BORDER STATES ELECTRIC SUPPLY	Deadend Recept, 15kV, 200A, LB	1,052.51
232	ROCHESTER ARMORED CAR CO INC	2014/15 Pick Up Services May-April	1,041.89
233	ACTION BATTERY WHOLESALERS IN	Rack, 2 step	1,040.96
234	CHS ROCHESTER	LP gas @ SLP	1,035.08
235	TWIN CITY SECURITY INC	Security Services April-May	1,030.17
236	EXPRESS SERVICES INC	2014 Bob Freund - Cascade Meadows	1,027.45
237	TUPPER DIANA	CIP Conserve & Save Rebates	1,025.00
238	ADVANTAGE DIST LLC (P)	Oil, Transformer	1,023.97
239	EXPRESS SERVICES INC	2014 Diane Bengtson - Prof Services	1,010.99
240	ZUMBRO WATERSHED PARTNERSHIP	2014 Annual Donation	1,000.00
241			
242		<b>Price Range Total:</b>	<b>311,449.22</b>
243			
244	<b><u>0 to 1,000 :</u></b>		

# ROCHESTER PUBLIC UTILITIES

## A/P Board Listing By Dollar Range

For 06/16/2014 To 07/14/2014

Consolidated & Summarized Below 1,000

245			
246	EXPRESS SERVICES INC	Summarized transactions: 56	30,033.37
247	REBATES	Summarized transactions: 91	14,949.84
248	BORDER STATES ELECTRIC SUPPLY	Summarized transactions: 48	10,407.41
249	WESCO DISTRIBUTION INC	Summarized transactions: 45	10,043.14
250	STUART C IRBY CO INC	Summarized transactions: 49	9,664.87
251	PAYMENT REMITTANCE CENTER	Summarized transactions: 62	8,398.97
252	Customer Refunds (CIS)	Summarized transactions: 81	7,441.78
253	CITY OF ROCHESTER	Summarized transactions: 21	5,883.30
254	G & K SERVICES	Summarized transactions: 71	4,501.47
255	MN PIPE & EQUIPMENT	Summarized transactions: 17	3,802.78
256	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 32	2,941.68
257	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 48	2,866.71
258	PRATT & WHITNEY POWER SYSTEMS	Summarized transactions: 10	2,436.27
259	TWIN CITY SECURITY INC	Summarized transactions: 3	2,403.72
260	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 6	2,350.45
261	NALCO COMPANY	Summarized transactions: 18	2,289.53
262	MOTOROLA INC	Summarized transactions: 10	2,289.15
263	TOTAL TOOL SUPPLY INC (P)	Summarized transactions: 6	1,949.30
264	THE PARK AND FACILITIES	Summarized transactions: 6	1,920.48
265	NAPA AUTO PARTS (P)	Summarized transactions: 46	1,829.32
266	BADGER METER INC (P)	Summarized transactions: 12	1,774.99
267	DELL MARKETING LP	Summarized transactions: 6	1,772.68
268	RESCO	Summarized transactions: 9	1,771.40
269	CDW GOVERNMENT INC	Summarized transactions: 13	1,687.32
270	ARNOLDS SUPPLY & KLEENIT CO (	Summarized transactions: 12	1,681.95
271	INNOVATIVE OFFICE SOLUTIONS L	Summarized transactions: 84	1,625.35
272	GARTNER LORI	Summarized transactions: 4	1,547.29
273	S L CONTRACTING INC	Summarized transactions: 2	1,515.00
274	RONCO ENGINEERING SALES INC	Summarized transactions: 4	1,332.21
275	ROOT RIVER HARDWOODS INC	Summarized transactions: 4	1,325.26
276	METRO SALES INC	Summarized transactions: 3	1,316.53
277	USA BLUE BOOK	Summarized transactions: 6	1,283.12
278	EZ STAK INC	Summarized transactions: 2	1,278.45
279	REICHERT DAVE	Summarized transactions: 4	1,276.78
280	REINDERS INC	Summarized transactions: 5	1,257.45
281	MASTEC NORTH AMERICA INC	Summarized transactions: 2	1,237.50
282	ALDEN POOL & MUNICIPAL SUPPLY	Summarized transactions: 17	1,204.13
283	STEVE BENNING ELECTRIC	Summarized transactions: 2	1,193.97
284	HIMEC MECHANICAL (P)	Summarized transactions: 3	1,172.79
285	CITY OF ROCHESTER	Summarized transactions: 2	1,156.26
286	ADAMSON MOTORS INC	Summarized transactions: 3	1,155.07
287	McGRANN SHEA CARNIVAL STRAUGH	Summarized transactions: 2	1,104.29
288	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 6	1,102.61
289	SOMA CONSTRUCTION INC	Summarized transactions: 2	1,097.79
290	DAKOTA SUPPLY GROUP	Summarized transactions: 4	1,093.64
291	SCHEEL LAWRENCE	Summarized transactions: 4	1,078.00
292	SCHLINK WALTER	Summarized transactions: 3	1,075.50
293	TSP INC	Summarized transactions: 4	1,050.20

# ROCHESTER PUBLIC UTILITIES

## A/P Board Listing By Dollar Range

For 06/16/2014 To 07/14/2014

Consolidated & Summarized Below 1,000

294	TRUCKIN' AMERICA	Summarized transactions: 3	1,050.00
295	DAKOTA SUPPLY GROUP	Summarized transactions: 13	1,008.55
296	GARCIA GRAPHICS INC	Summarized transactions: 10	995.00
297	EMERGENT NETWORKS LLC	Summarized transactions: 1	990.69
298	SHERWIN WILLIAMS CO	Summarized transactions: 6	985.08
299	T E C INDUSTRIAL INC	Summarized transactions: 6	980.73
300	YETTER DAREND	Summarized transactions: 1	974.70
301	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 25	962.46
302	LAWSON PRODUCTS INC (P)	Summarized transactions: 31	899.47
303	PRAIRIE EQUIPMENT CO LLC	Summarized transactions: 2	892.37
304	SUPERIOR COMPANIES OF MINNESO	Summarized transactions: 3	892.00
305	SNAP ON INDUSTRIAL	Summarized transactions: 3	883.56
306	CHARTER COMMUNICATIONS HOLDIN	Summarized transactions: 1	881.76
307	ROCH LANDSCAPING SERVICES INC	Summarized transactions: 1	873.15
308	SEEME PRODUCTIONS LLC	Summarized transactions: 1	830.00
309	DAVEY TREE EXPERT CO	Summarized transactions: 1	828.17
310	PITNEY BOWES GLOBAL FINANCIAL	Summarized transactions: 1	803.84
311	POWER PROCESS EQUIPMENT INC (	Summarized transactions: 6	803.54
312	OPEN ACCESS TECHNOLOGY	Summarized transactions: 1	788.06
313	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 12	784.23
314	HD SUPPLY WATERWORKS LTD	Summarized transactions: 1	784.00
315	LEAGUE OF MN CITIES INS TRUST	Summarized transactions: 1	779.13
316	ADVANTAGE DIST LLC (P)	Summarized transactions: 4	772.28
317	MN DEPT OF REVENUE	Summarized transactions: 3	772.09
318	FASTENAL COMPANY	Summarized transactions: 19	761.72
319	ZEE MEDICAL SERVICE INC (P)	Summarized transactions: 4	759.34
320	HACH COMPANY	Summarized transactions: 7	742.73
321	A T & T	Summarized transactions: 2	727.41
322	CENTURYLINK	Summarized transactions: 4	724.50
323	MODEM EXPRESS INC	Summarized transactions: 2	720.00
324	OMNI ENVIRONMENTAL INC	Summarized transactions: 1	700.00
325	ON SITE SANITATION INC	Summarized transactions: 9	696.65
326	SCHMIDT GOODMAN OFFICE PRODUC	Summarized transactions: 3	680.68
327	SHORT ELLIOTT HENDRICKSON INC	Summarized transactions: 1	650.00
328	MN PIPE & EQUIPMENT	Summarized transactions: 3	627.75
329	MSC INDUSTRIAL SUPPLY CO INC	Summarized transactions: 21	620.73
330	UNITED RENTALS INC	Summarized transactions: 4	588.10
331	G & K SERVICES	Summarized transactions: 4	583.68
332	ZEP SALES & SERVICE	Summarized transactions: 4	570.86
333	COOKE ROBERT	Summarized transactions: 1	554.50
334	AUTHORIZE.NET	Summarized transactions: 1	552.30
335	IDEXX DISTRIBUTION CORP	Summarized transactions: 2	540.05
336	GRAINGER INC	Summarized transactions: 10	532.68
337	OLSEN CHAIN & CABLE CO INC	Summarized transactions: 3	531.03
338	OLM COUNTY PUBLIC WORKS DEPT	Summarized transactions: 1	512.12
339	K A A L TV LLC	Summarized transactions: 1	510.00
340	RONCO ENGINEERING SALES INC	Summarized transactions: 2	497.40
341	GARCIA GRAPHICS INC	Summarized transactions: 2	495.00
342	FIRST CLASS PLUMBING & HEATIN	Summarized transactions: 2	489.58

# ROCHESTER PUBLIC UTILITIES

## A/P Board Listing By Dollar Range

For 06/16/2014 To 07/14/2014

Consolidated & Summarized Below 1,000

343	KOTSCHVAR MARK	Summarized transactions: 2	443.74
344	ALL SYSTEMS INSTALLATION INC	Summarized transactions: 1	442.68
345	WILLIAMS JERRY	Summarized transactions: 3	441.82
346	WIDSETH SMITH NOTLING & ASSOC	Summarized transactions: 1	441.75
347	JOHNSON PRINTING CO INC	Summarized transactions: 3	438.86
348	GRAYBAR ELECTRIC COMPANY INC	Summarized transactions: 4	438.44
349	TMS JOHNSON INC	Summarized transactions: 1	430.00
350	SKYWATCH SERVICES dba	Summarized transactions: 1	427.50
351	POMPS TIRE SERVICE INC	Summarized transactions: 1	419.40
352	LOCATORS AND SUPPLIES	Summarized transactions: 4	415.71
353	AMERICAN PAYMENT CENTER	Summarized transactions: 1	413.00
354	WORKS COMPUTING INC	Summarized transactions: 3	412.10
355	VERIFIED CREDENTIALS INC	Summarized transactions: 1	410.00
356	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 3	408.85
357	SCHAD TRACY SIGNS INC	Summarized transactions: 1	408.50
358	SPECIALTY TURF & AG INC	Summarized transactions: 2	406.13
359	INTERSTATE MOTOR TRUCKS INC	Summarized transactions: 3	405.73
360	EDINALARM INC	Summarized transactions: 1	402.75
361	ALTERNATIVE TECHNOLOGIES INC	Summarized transactions: 2	400.00
362	SWAGELOK MN INC (P)	Summarized transactions: 3	393.20
363	NOVASPECT INC	Summarized transactions: 1	388.86
364	D P C INDUSTRIES INC	Summarized transactions: 1	386.90
365	SCHWEITZER ENGINEERING LAB IN	Summarized transactions: 2	367.40
366	PEOPLES ENERGY COOPERATIVE (P	Summarized transactions: 1	352.00
367	WARNING LITES OF MN INC dba	Summarized transactions: 1	344.52
368	CENTURYLINK	Summarized transactions: 1	325.95
369	REBATES	Summarized transactions: 9	325.00
370	PAPER & GRAPHICS INC	Summarized transactions: 1	316.35
371	CORPORATE WEB SERVICES INC	Summarized transactions: 2	315.85
372	G A ERNST & ASSOCIATES INC	Summarized transactions: 2	314.50
373	INSTY PRINTS ROCHESTER (P)	Summarized transactions: 2	313.70
374	LETH SEWER SERVICE LLC	Summarized transactions: 1	300.00
375	PROGRESSIVE BUSINESS PUBLICAT	Summarized transactions: 1	299.00
376	KULLOT TRAILER PARTS & SERVIC	Summarized transactions: 4	297.76
377	BOWMANS SAFE & LOCK SHOP LTD	Summarized transactions: 2	294.83
378	GENERAL REPAIR SERVICE	Summarized transactions: 2	284.99
379	OSMOSE UTILITIES SERVICES INC	Summarized transactions: 2	284.90
380	BOB GANDER PLUMBING & HEATING	Summarized transactions: 1	280.07
381	ALLIED ELECTRONICS INC	Summarized transactions: 4	271.19
382	FRONTIER	Summarized transactions: 1	258.72
383	GRAINGER INC	Summarized transactions: 2	254.50
384	JOHNSON PRINTING CO INC	Summarized transactions: 2	253.29
385	KOSHIRE LARRY J	Summarized transactions: 2	245.09
386	ROCH PLUMBING & HEATING CO IN	Summarized transactions: 1	243.75
387	MN MUNICIPAL UTILITIES ASSN C	Summarized transactions: 1	240.00
388	IRON MOUNTAIN DBA	Summarized transactions: 1	230.71
389	DALCO CORPORATION	Summarized transactions: 7	228.82
390	UNION LABOR DIRECTORY dba	Summarized transactions: 1	219.50
391	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 5	218.85

# ROCHESTER PUBLIC UTILITIES

## A/P Board Listing By Dollar Range

For 06/16/2014 To 07/14/2014

Consolidated & Summarized Below 1,000

392	FIEK STEVEN	Summarized transactions: 3	208.93
393	CITRIX ONLINE LLC	Summarized transactions: 1	208.41
394	FEDEX	Summarized transactions: 8	207.99
395	POST BULLETIN CO	Summarized transactions: 1	205.40
396	VANCO SERVICES LLC	Summarized transactions: 1	204.00
397	BECKLEYS OFFICE PRODUCTS INC	Summarized transactions: 1	202.38
398	COLE PARMER INSTRUMENT CO	Summarized transactions: 2	201.51
399	ALLIED ELECTRONICS INC	Summarized transactions: 3	197.62
400	BOBCAT OF ROCHESTER	Summarized transactions: 1	189.38
401	FIRST STUDENT INC	Summarized transactions: 1	187.16
402	STEVE BENNING ELECTRIC	Summarized transactions: 1	180.00
403	SMS SYSTEMS MAINTENANCE SERVI	Summarized transactions: 2	171.00
404	WERNER ELECTRIC SUPPLY	Summarized transactions: 2	166.14
405	FEDEX FREIGHT INC	Summarized transactions: 1	158.33
406	C & N UPHOLSTERY	Summarized transactions: 1	154.97
407	ENVIRONMENTAL INITIATIVE	Summarized transactions: 1	150.00
408	MN DEPT OF HEALTH - WELL MGMT	Summarized transactions: 1	150.00
409	CANADIAN HONKER RESTAURANT &	Summarized transactions: 2	145.40
410	CUSTOM COMMUNICATIONS INC	Summarized transactions: 1	144.29
411	HENTGES GLASS CO	Summarized transactions: 1	142.14
412	WRIGHTS SMALL ENGINE SERVICE	Summarized transactions: 2	142.00
413	DAVIES PRINTING COMPANY INC	Summarized transactions: 2	138.40
414	AFFILIATED GROUP INC	Summarized transactions: 1	138.30
415	AIRGAS SAFETY INC	Summarized transactions: 3	138.16
416	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 3	135.24
417	NORTHLAND FARM SYSTEMS INC	Summarized transactions: 1	132.98
418	REINHAUSEN MANUFACTURING INC	Summarized transactions: 6	131.84
419	ZIEGLER INC	Summarized transactions: 2	127.04
420	TOP PERFORMANCE SALES	Summarized transactions: 1	125.58
421	CONNEY SAFETY PRODUCTS LLC	Summarized transactions: 12	123.40
422	NUSS TRUCKS OF ROCHESTER INC	Summarized transactions: 1	118.30
423	PARTSMaster dba	Summarized transactions: 2	117.99
424	COOK STEVEN J	Summarized transactions: 1	117.25
425	CLEMENTS GM PARTS	Summarized transactions: 2	116.38
426	CULLIGAN OF ROCHESTER INC	Summarized transactions: 2	115.30
427	TIP PLUS CORPORATION	Summarized transactions: 2	109.01
428	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 2	108.98
429	GREAT RIVER ENERGY	Summarized transactions: 1	107.41
430	INCOM DIRECT	Summarized transactions: 1	106.94
431	DEX MEDIA	Summarized transactions: 1	99.00
432	GUNDERSON BRADLEY	Summarized transactions: 1	96.85
433	KAMAN INDUSTRIAL TECHNOLOGIES	Summarized transactions: 3	96.59
434	OLM COUNTY PROPERTY RECORDS	Summarized transactions: 3	96.00
435	SARGENTS LANDSCAPE NURSERY IN	Summarized transactions: 2	95.55
436	SHI INTERNATIONAL CORP	Summarized transactions: 1	92.47
437	MENARDS ROCHESTER SOUTH	Summarized transactions: 2	90.54
438	BLACKBURN MANUFACTURING CO	Summarized transactions: 1	90.10
439	HATHAWAY TREE SERVICE INC	Summarized transactions: 2	90.00
440	CARQUEST AUTO PARTS	Summarized transactions: 6	86.08

## FOR BOARD ACTION

Agenda Item # 4a

Meeting Date: July 29, 2014

**SUBJECT:** Consideration of Bids  
Chester Substation 161kV Disconnect Switches

**PREPARED BY:** Neil Stiller, Senior Electrical Engineer  
Mona Hoefl, Buyer

ITEM DESCRIPTION:

Sealed bids for the purchase of eleven sets of 161kV disconnect switches were opened on June 27, 2014. This equipment will be used at the Chester Substation as part of the CapX project expected to begin in February, 2015 with an anticipated completion date of May, 2015.

Six bids were received and evaluated by staff and project engineers, Burns & McDonnell. The bids from Wesco -Turner Electric, Hubbell Power Systems, Wesco-Cleveland Price and Border States-Alstom Grid failed to meet the technical requirements due to the physical size of their product and placement within the equipment arrangement of the structure. Turner Electric also failed to submit evidence of experience providing the proposed equipment as required by the specification.

Wesco – Royal Switchgear, proposed acceptable equipment, delivery schedules and terms. RPU has purchased Royal Switchgear in the past and has done business with Wesco with satisfactory performance and customer support.

The results are as follows:

Wesco - Turner Electric (non-compliant)	\$116,303
<b>Wesco - Royal Switchgear</b>	<b>\$122,738</b>
Hubbell Power Systems (non-compliant)	\$146,069
Southern States – Electro Tech	\$159,478
Wesco - Cleaveland Price (non-compliant)	\$171,644
Border States – Alstom Grid (non-compliant)	\$247,500

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

The 2014 budget includes \$132,000 for the purchase of Disconnect Switches.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Utility Board reject the bids from Wesco - Turner Electric, Hubbell Power Systems, Wesco-Cleveland Price and Border States-Alstom Grid for failure to comply with the technical specifications and approve a resolution for the purchase of Disconnect Switches with Wesco-Royal Switchgear in the amount of \$122,738.

  
\_\_\_\_\_  
General Manager

7-24-14  
Date

ROCHESTER PUBLIC UTILITIES





## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to reject the bids from Wesco-Turner Electric, Hubbell Power System, Wesco-Cleveland Price and Border States-Alstom Grid and approve a purchase with Wesco – Royal Switchgear for

Eleven sets of 161kV Disconnect Switches for the Chester Substation CapX Project

The amount of the purchase to be ONE HUNDRED TWENTY TWO THOUSAND SEVEN HUNDRED THIRTY EIGHT 00/100 DOLLARS (\$122,738) plus applicable taxes.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 29th day of July, 2014.

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President

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Secretary

# FOR BOARD ACTION

Agenda Item # 4b

Meeting Date: July 29, 2014

SUBJECT: Professional Services Proposal  
Institute for Environmental Assessment, Inc. (IEA)  
Silver Lake Plant – Asbestos On-Site Monitoring and Project Management

PREPARED BY: Tony Dzubay, Manager of Power Resources RPU

ITEM DESCRIPTION: RPU staff has been working with IEA on the Silver Lake Plant Asbestos Removal and Repair project to ensure continued employee safety and compliance with applicable asbestos regulations. The final bid solicitation document was written by IEA and was made available to bidders by RPU Purchasing staff on July 17, 2014. A successful bidder is expected to be selected prior to the August Board meeting at which time staff will seek Board approval for the larger project.

The Removal and Repair project is scheduled to begin in September of 2014 and finish in August of 2015 with a four month hiatus in the winter and spring of 2015.

RPU staff requires the professional services of an owner-representative to facilitate this time-consuming and regulation-filled project. The Minnesota Department of Health (MDH) and OSHA both have various rules and regulations that must be followed to successfully and legally complete the large-scale project.

IEA will provide on-site assistance and administrative staff who will be responsible for:


- Project management from prep work to project closeout
- Notifying contractor(s) of compliance to applicable MDH regulations
- Notifying contractor(s) of compliance to applicable OSHA regulations & visits
- Inspection and documentation of abated, repaired and reinsulated areas
- Submittal of final report to RPU
- Update the RPU Asbestos Inspection Survey Report to reflect changes

IEA has submitted a proposal to complete all of the above services at a price of \$189,000 which includes 138 days on-site, 1675 man-hours and all reimbursable expenses. This proposal has been reviewed and approved as to form by the City Attorney.

Funds for this expenditure have been set aside by the Board in a special reserve fund and will be used to cover the cost of this agreement along with the project cost.

This IEA agreement is contingent on a successful bidder being approved by the Board in August.

UTILITY BOARD ACTION REQUESTED:

  
General Manager

7-24-14  
Date

## FOR BOARD ACTION

Agenda Item # 4b

Meeting Date: July 29, 2014

Staff recommends that the Board approve a purchase order agreement with the Institute for Environmental Assessment, Inc. in the amount of \$189,000 to provide professional services for management of the Asbestos Removal and Repair project at Silver Lake Plant.

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Date



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with the Institute for Environmental Assessment, Inc., and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

Management of the Asbestos Removal and Repair Project at Silver Lake Plant

The amount of the purchase order agreement to be \$189,000 AND 00/100 DOLLARS (\$189,000.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 29<sup>th</sup> day of July, 2014.

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President

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Secretary

## FOR BOARD ACTION

Agenda Item # 5

Meeting Date: July 29, 2014

**SUBJECT:** Financial Results as of June 30, 2014

**PREPARED BY:** Susan Parker, Director of Corporate Services  
Bryan Blom, Controller

ITEM DESCRIPTION:

Staff will present the financial results as of June 30, 2014 in a graphic format.

UTILITY BOARD ACTION REQUESTED:

No board action is required at this time.

  
\_\_\_\_\_  
General Manager

7-24-14  
Date

## FOR BOARD ACTION

Agenda Item # 6

Meeting Date: July 29, 2014

**SUBJECT:** Electric Cost of Service Study Results and Notification of Proposed Rate Increase

**PREPARED BY:** Susan Parker, Director of Corporate Services

### ITEM DESCRIPTION:

Rochester Home Rule Charter Chapter 15.05, Subd. 3 states, *“The public utility board may adopt, amend, and rescind such rules and regulations as it may deem necessary for the control, management, and operation of the public utilities under its jurisdiction. The board shall, with the concurrence of the common council, fix the rates to be charged for the availability and use of the public utility commodities and services under its jurisdiction. Rates shall be reasonable and compensatory so as to cover all of the costs of the respective public utility and shall be uniform for all consumers within the same class, but different rates may be established for different classifications by the board. Rates within the city corporate limits may be less but shall be no greater than rates for the same classification outside the city limits.”*

Based on the Charter the RPU Board has further developed a policy for determining rates. The main objective of the policy is, *“to recover, through the application of rates and charges for utility services, revenues which are sufficient to meet the financial obligations of each independent utility enterprise. Further, the Board intends to apply rates and charges which are equitable among customer or classes of customers based on generally accepted industry rate-making principles.”*

With this guidance RPU management embarked earlier this year on conducting an Electric Cost of Service Study. A kick-off study session was held with the Board on January 25, 2014. The study session provided the Board with information regarding rate-making and introduced the generally accepted rate-making principles. The strategic objectives and considerations for rate-making were explored in order to properly conduct the study and determine rates. One important strategic objective is to provide better rate alignment between our fixed costs and variable costs. By achieving this strategic objective RPU will be better positioned to encourage more distributed generation and other energy efficiency initiatives without negatively impacting the financial stability of the utility. Over the months many directional decisions were given to management by the Board. This direction has been incorporated into the final documents and includes:

1. Converting from cash basis to utility basis rate setting;
2. Implementing a rolling 12 month average Power Cost Adjustment;
3. Proposing a three-year rate increase;
4. Bandwidth for minimum and maximum rate increase (no less than 2% and no more than 7%);
5. Increasing residential customer charge by \$1.50, \$1.00 and \$1.00 for 2015-2017, respectively, to move toward cost of service; and
6. Change the demand ratchet to reflect our current cost of service for the commercial customers.

Utility Financial Solutions, LLC (UFS) will be presenting the final cost of service study results and the proposed electric rates associated with the study.

## FOR BOARD ACTION

Agenda Item #6

Meeting Date: July 29, 2014

One of the more significant changes is moving the rate-making methodology from cash basis to utility basis. The utility basis is used by most investor owned utilities and is an industry best practice. The utility basis takes into account the use or depreciation of the existing assets and provides an inflation component to replace the assets. This method typically leads to a more financially stable and healthy utility and leads to more stable and consistent rate adjustments.

Another significant change is the implementation of a 12-month rolling average power cost adjustment (PCA). The PCA is used by most utilities to pass through the fluctuations between the actual purchased power cost and the baseline purchased power cost included in the base rates. This best practice of many utilities is an important part of a utility's rate structure because the PCA helps stabilize revenue and limits the risk of under recovery to the distribution costs and is seen as a positive with rating agencies. A Utility needs to properly implement the PCA to reduce impacts to customers such as large fluctuations during the higher cost summer months. The Board has provided direction to use the 12-month rolling average since it has the least impact to the customer on a month to month basis.

Once the PCA is implemented, all power supply costs will be automatically passed through to customers, either through the amount of power supply cost included in the base utility rates, or through the incremental cost change passed through as a PCA. In future years when SMMPA has a rate increase and/or when seasonal costs on the wholesale market are high, this incremental increase over the base rate will be passed through as a separate billing line item. If there are periods when the actual power supply costs are below the amount included in the utility base rates, the incremental difference will be passed through as a credit. Amounts passed through via the Power Cost Adjustment are in addition to the proposed overall general rate increases.

An important change to our commercial customers is the demand ratchet. Demand is defined as the rate at which electric energy is delivered to customer usually expressed in kilowatts during a given period of time. For RPU customers the determination of demand is *“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. Billing periods may not coincide with calendar months.”*

This 75% minimum demand is referred to as the demand ratchet and was established in the 1980's. The recent analysis determined that based on the current cost structures the demand ratchet should be reduced to 50%. SMMPA has a demand ratchet of 74%; previously RPU's ratchet was based on SMMPA. With the capping of SMMPA Contract Rate of Delivery (CROD) at 216 MW, RPU rarely pays the SMMPA ratchet. Reducing the ratchet to 50% is more reflective of the costs related to the infrastructure needed to serve the demand rather than power supply costs and brings us to the proper cost of service.

An important part of the cost of service study is to determine the cost of providing electricity and determine the variable and fixed cost components of providing service. Appropriately identifying the fixed cost components and establishing the appropriate fixed charges prepares the utility to move toward providing more energy efficiency programs and alternatives without impacting the reliability and financial stability of the system. The fixed charge for the residential and small general service customer is the customer charge and is the demand charge for commercial customers.

## FOR BOARD ACTION

Meeting Date: July 29, 2014

The board will be asked to accept and place on file the Electric Cost of Service Study and direct staff to give public notice of the proposed rates in the paper of record. The overall general rate increases for 2015-2017 are 3.5%, 1.7% and 1.7%, respectively. Although the rates for this period will be established, the rates can be changed by future boards based on unforeseen circumstances. The actual increase by rate class and year is attached and will be available on the website and by calling our customer service division.

Public comment on the rates will be taken at the August 26, 2014 meeting prior to the Board voting on the proposed three-year rate plan and, if approved, recommending approval by the City Council.

### UTILITY BOARD ACTION REQUESTED:

1. Accept and place on file the Electric Cost of Service Study;
2. Authorize staff to give preliminary notice to the public of the intent to increase the overall general electric rates for 2015 – 2017 by 3.5%, 1.7% and 1.7%, respectively based on the individual rate class recommendations on or about January 1<sup>st</sup> of each year.

  
\_\_\_\_\_  
General Manager

7-24-14  
Date



# Rochester Public Utilities - Electric Utility

Proposed Rate Designs for 2015, 2016 & 2017  
Summary

Min.	2.0%	0.0%	0.0%
<b>Target</b>	<b>3.5%</b>	<b>1.7%</b>	<b>1.7%</b>
Max	5.0%	3.7%	3.7%

Page No.	Customer Class	2015		2016		2017		2015	2016	2017
		Revenue less Adjustments	Revenue with Adjustments	Revenue with Adjustments	Revenue with Adjustments	Percent Adjustment	Percent Adjustment	Percent Adjustment		
	ResidentialRate RES	RES	\$ 43,615,239	\$ 45,197,813	\$ 46,012,940	\$ 46,837,244	3.6%	1.8%	1.8%	
	Residential Dual FuelRate RES-DF	RES-DF	10,081	10,784	11,531	12,329	7.0%	6.9%	6.9%	
	Residential High Efficiency HVACRate RESELGEO	RESELGEO	128,097	137,070	146,651	156,912	7.0%	7.0%	7.0%	
	Small General ServiceRate GS	GS	16,519,937	17,219,208	17,512,142	17,811,006	4.2%	1.7%	1.7%	
	SGS - High Efficiency HVACRate GS-HEF	GS-HEF	50,427	52,950	54,885	56,940	5.0%	3.7%	3.7%	
	SGS - Time-of-UseRate GS-TOU	GS-TOU	-	-	-	-	-	-	-	
	Medium General ServiceRate MGS	MGS	30,157,753	31,118,228	31,516,315	31,945,023	3.2%	1.3%	1.4%	
	MGS - High Efficiency HVACRate MGS-HEF	MGS-HEF	171,438	179,115	183,574	188,907	4.5%	2.5%	2.9%	
	MGS - Time-of-UseRate MGS-TOU	MGS-TOU	1,904,024	1,975,005	1,997,390	1,997,390	3.7%	1.1%	0.0%	
	Large General ServiceRate LGS	LGS	10,669,838	10,771,426	10,906,098	11,040,760	1.0%	1.3%	1.2%	
	LGS - Time-of-UseRate LGS-TOU	LGS-TOU	-	-	-	-	-	-	-	
	Large Industrial ServiceRate LIS	LIS	20,755,543	21,602,500	22,018,209	22,433,918	4.1%	1.9%	1.9%	
	Interruptible ServiceRate INTR	INTR	4,683,595	4,917,673	5,093,088	5,281,053	5.0%	3.6%	3.7%	
	Cogen and Small Power ProdRate COGEN	COGEN	10,183	10,602	10,995	11,403	4.1%	3.7%	3.7%	
	InterdepartmentalRate MUNI	MUNI	946,527	984,040	995,381	1,007,595	4.0%	1.2%	1.2%	
	Civil Defense Sirens25	CDS	8,834	9,049	9,165	9,275	2.4%	1.3%	1.2%	
	Highway Lighting26	HL	-	-	-	-	-	-	-	
	City Street Lighting27	CSL	1,185,625	1,209,774	1,233,429	1,258,316	2.0%	2.0%	2.0%	
	Security Lightingvarious	SL	209,386	212,364	214,685	217,422	1.4%	1.1%	1.3%	
	Traffic Signalsvarious	TS	105,392	110,373	114,449	118,683	4.7%	3.7%	3.7%	

<b>Total</b>	<b>\$ 131,131,917</b>	<b>\$ 135,717,975</b>	<b>\$ 138,030,926</b>	<b>\$ 140,384,179</b>	<b>3.50%</b>	<b>1.70%</b>	<b>1.70%</b>
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**Change in Ratchet Clause**

Current Ratchet 75%

Proposed Ratchet 50%

**Twelve Month Rolling PCA**

Established PCA Base 0.07660 kWh



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to:

1. Accept and place on file the Electric Cost of Service Study;
2. Authorize staff to give preliminary notice to the public of the intent to increase the overall general electric rates for 2015 – 2017 by 3.5%, 1.7% and 1.7%, respectively based on the individual rate class recommendations on or about January 1<sup>st</sup> of each year.

Passed by the Public Utility Board, of the City of Rochester, Minnesota, this 29<sup>th</sup> day of July, 2014.

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President

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Secretary