

## FOR BOARD ACTION

Agenda Item # 4

Meeting Date:

6/28/11

**SUBJECT:**

Approval of Purchase Order for Fuel Purchase

**PREPARED BY:**

Jeremy Sutton, Manager of Portfolio Optimization

ITEM DESCRIPTION:

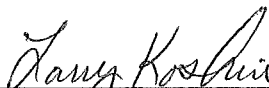
The test burn using blended coal that was purchased from Dairyland Power Cooperative after last month's board meeting was successful. We are now requesting the purchase of 50,000 tons of coal from Dairyland. This coal purchase is contingent upon on a "Right of First Refusal" contract signed with Peabody COALSALES, LLC on Jan 1, 2009. In the event Peabody matches price and specifications, the purchase order will be for Peabody. This matter has been reviewed with the City Attorney.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

This is a budgeted item for 2011.

UTILITY BOARD ACTION REQUESTED:

Management recommends Board approval of purchase orders not to exceed \$4,300,000.00 to Dairyland Power Cooperative for 50,000 tons of coal and CD Corp. Trucking for the loading and delivery of the coal from Alma to SLP (contingent upon a "Right of First Refusal" by Peabody COALSALES, LLC).

  
General Manager

6/23/11  
Date



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve purchase order agreements with Dairyland Power Cooperative and Cd Corporation Trucking (contingent upon a "Right of First Refusal" by Peabody COALSALES LLC) for

50,000 Tons of Coal to be shipped from Alma, Wisconsin to the  
Silver Lake Plant

The total amount of the purchase order agreements not to exceed FOUR MILLION THREE HUNDRED THOUSAND AND 00/100 DOLLARS (\$4,300,000.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28<sup>th</sup> day of June, 20011.

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President

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Secretary