

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
April 26, 2005

Members Present: Mr. Landwehr, Ms. Parker, Mr. Jibben, Mr. Hanson, Mr. Utz  
Absent: None  
Also Present: Mr. Adkins, City Attorney

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

1. Mr. Utz moved to approve the minutes of the March 29, 2005 meeting, seconded by Ms. Parker.

All voting "AYE"

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

All voting "AYE"

3. Mr. Landwehr opened the meeting for comments from the public. No one wished to be heard.

4. Mr. Wentz from Smith Schafer & Associates presented the 2004 audit results to the Board. He conducted a series of meeting with RPU staff in February when the audit was done and also met with the General Manager. The auditor's findings are contained in RPU's 2004 annual report which is posted on its Web site. No irregularities were noted.

5. Distributed during the meeting was a revised For Board Action form with "Schedule I," the proposed tariff for this item. Ms. Hanson, RPU Residential Account Representative, presented the rules covering cogeneration and small power production facilities to the Board. In 1985, the RPU Board adopted a variation of the State's rules regarding cogeneration to cover situations in which a customer will produce electricity and sell the excess to RPU. The rules currently in effect for RPU are outdated. The Board was asked to consider adopting updated rules and regulations in accordance with Minnesota Statutes, Section 216B.164 which include items such as qualification requirements, technical requirements for interconnection with RPU's system, a standard contract and methods for calculating costs and rates. Mr. Utz moved to direct staff to advertise the new rate schedule in the Post-Bulletin to meet the 30 day public notification required in "Board Policy – Rates," and to schedule the new rate for approval at the regularly scheduled May 2005 Board meeting, seconded by Mr. Hanson.

All voting "AYE"

6. Ms. Hanson requested the Board to approve a proposed contract with the Southern Minnesota Municipal Power Agency (SMMPA), RPU's wholesale power supplier, which

governs how the power produced by a co-generator or small power producer and sold to RPU, will be metered and purchased by SMMPA, and the rate SMMPA will pay RPU. The contract also determines how the same power will be sold back to RPU, and the rates SMMPA will charge RPU. Mr. Hanson moved to approve the contract, seconded by Mr. Jibben.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the said Board approve and execute the "Power Purchase Agreement relating to Uniform Statewide Contracts for Cogeneration and Small Power Production Facilities (Under 40 kW)" with SMMPA.

7. Mr. Schlink, Director of Power Resources, distributed the budget for the steam project. He has not projected any additional change orders. Change Order 002 to Steam Supply Contract 02-28-C with Knutson Construction Services covers additions to scope, adjustments to Change Order 001 costs, or items that were not represented accurately in the original bid documents and field adjustments. The total amount of the Change Order 002 is \$100,726.48. Mr. Schlink included from Stanley Consults recommending the additional contract costs. Mr. Jibben announced that he would abstain from the vote and discussion. Mr. Hanson moved to approve Change Order 002, seconded by Ms. Parker.

4 Voting "AYE"  
1 Abstain (Mr. Jibben)  
Motion Carried

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve Change Order No. 002 to the General Construction RPU Steam Supply Project Contract 02-28-C between Rochester Public Utilities and Knutson Construction Services in the amount of \$100,726.48. This brings the total amount of the contract to \$5,986,676.48.

8. Mr. Woodworth, Manager of Engineering, presented the 2004 Electric Engineering & Operations Report to the Board. He noted that 2004 was the biggest installation year RPU has ever had and the fifth best year in terms of electric service availability. RPU designed 62 subdivisions, installed 48 subdivisions, installed 1,489 new lots, and added 569 new electric customers. A total of 2,070 total permanent and temporary meters were installed. In addition, RPU added 26.6 circuit miles to the distribution system for a total of 678.8 circuit miles in the system.
9. Mr. Engle, Supervisor of Distribution Design, discussed the proposed revisions to the Electric Service Rules & Regulations. The purpose of the document is to inform customers and contractors what is generally available for different installations and to explain the requirements for service installations. A mass mailing of the revisions will be sent to home builders.
10. Mr. Jibben moved to place on file the following documents from the March 29, 2005 public

meeting, seconded by Mr. Utz:

- a. Phases I, II, III of Electric Utility Baseline Strategy for 2005-2030 Electric Infrastructure.
- b. RPU Fuel Switching Screening Level Study
- c. RPU Emissions Control Feasibility Study.

All voting "AYE"

11. Ms. Parker moved to approve payment of the Silver Lake Plant 20025 air emission fee, seconded by Mr. Jibben.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve payment of the Silver Lake Plant 2005 air emission fee to the Minnesota Pollution Control Agency (MPCA).

The amount of the payment to be ONE HUNDRED THIRTY-EIGHT THOUSAND SIX HUNDRED FORTY-TWO AND 60/100 DOLLARS (\$138,642.60).

12. Mr. Rovang, Senior Civil Engineer, provided a Water System Fire Rating Update (ISO) Report to the Board. ISO Commercial Risk Services, Inc. examines municipal fire and water departments to develop a measure of a city's fire fighting capabilities. This numeric measure is used to determine the city's fire insurance rating which is used to establish insurance premiums. The rating is done at ten year intervals. The site evaluation examines fire alarm and communications systems, the fire department and the water supply system. RPU is considered a Class 3 water system.
13. The management/financial reports were discussed. Staff commented that sales are down in the water utility which means less revenue for the utility. Also, some items were purchased earlier than planned which drives expenses higher.
14. Other Business:
  - a. Ms. Hanson discussed a voluntary solar offering (name to be determined) which will be launched in October to coincide with Earth Day. Customers will be encouraged to support renewable energy, or "green" kilowatt-hour generation, through voluntary contributions that are held in trust for photovoltaic (PV) installations. More details will follow as this offering is communicated.
  - b. Mr. Jibben informed the Board that the University of Minnesota-Duluth had developed a new sorbent effective against NO<sub>x</sub> and SO<sub>x</sub>. He was in the process of contacting them for additional information.
  - c. Mr. Lorber, Acting General Manager, stated that RPU has asked People's Cooperative Services to respond to a request by RPU to settle annexations for the period from 2001 to 2004.
  - d. Ms. Hanson displayed the award RPU is sharing for Rochester NeighborWoods for planting over 300 trees presented to them by the Minnesota Shade Tree

Committee.

- 15. Ms. Utz moved to adjourn the meeting, seconded by Mr. Hanson

All voting "AYE"

The meeting was adjourned at 5:50 p.m.

Submitted by:

Kathleen Wilson  
Secretary

Approved by the Board:

R. L. Lundbeck  
Board President

5-31-05

Date