

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
January 27, 2009

Members Present: Mr. Jibben, Mr. Reichert, Mr. Williams, Mr. Stahl, Mr. Hanson
Absent: None
Also Present: *Mr. Adkins, City Attorney

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

1. Mr. Hanson moved to approve the minutes of the December 11, 2008 meeting, seconded by Mr. Williams.

All voting "AYE"

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

All voting "AYE"

3. Mr. Jibben opened the meeting for comments from the public. Council member Michael Wojcik, 984 Fox Knoll Drive SW, requested to address the Board. He introduced himself as an electrical engineer. On the power side, he said he was concerned about RPU's pricing which he said was regressive and punishing those who conserve energy. He believed that real time pricing and more effective metering was needed. He also said we needed metering technology and to use conservation dollars. More conservation is needed over the long-run. Finally, he said he was a tree hugger even though he realizes that the Silver Lake Plant will be here for a while. He asked to visit the plant.

- 4.a. The Board discussed the vehicle life of the underground cable puller with Mr. Cook, Manager of Work Management and Integrated Services. The existing unit is beyond its planned life, has been unreliable in recent years, and had increasing repair costs including over \$5,000 in 2008. There is no back up for this critical unit, so breakdowns delay work and waste labor resources. Mr. Hanson moved to approve a purchase order agreement with DUECO, seconded by Mr. Williams.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with DUECO for

One 2009 TSE Model UP-708D
Underground Puller

The amount of the purchase order agreement to be EIGHTY-FOUR THOUSAND THREE HUNDRED AND SIX AND 00/100 DOLLARS (\$84,306.00) plus sales tax, and DUECO being lowest responsible bidder.

- 4.b. Board member Williams asked about the cleaning required for flame resistant uniforms. Mr. Kotschevar, Director of Core Services, explained that the special uniform requirements for high voltage situations are described in the 2009 National Electric Code. RPU chose a treated cotton uniform to comply with the Code. Treated cotton needs to be laundered professionally. All of RPU's line crews and anyone with high voltage exposure needs to wear the uniform all day long. Mr. Williams asked if the costs for the multi-year contract were budgeted. Mr. Ledebuhr, Materials Manager, explained that the cost for these services has been approved in the 2009 budget and that staff will be seeking Board and Council approval of budget dollars for each of the subsequent years. Mr. Stahl moved to approve the contract, seconded by Mr. Williams.

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 a contract agreement with G&K Services and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

Uniforms, Towels and Mats Cleaning Services Contract

The amount of the contract agreement to be THREE HUNDRED FORTY THOUSAND THREE HUNDRED AND 00/100 DOLLARS (\$340,300.00) with a plus or minus 20% escalation and G&K Services being lowest responsible bidder. The term of the agreement is for five (5) years and is subject to the approval of the 2010, 2011, 2012 and 2013 RPU budgets by the Board and Council.

- 4.c. Mr. Dunnette, Manager of Power Resources, asked the Board to reject the sole bid received from Thermal Engineering International for the Silver Lake Plant's Unit 3-4 high pressure feedwater heater re-tubing for failure to provide a firm price or schedule as required by the bid specifications, and for failure to provide assurance that the contractor possessed sufficient experience working with the model of heat exchanger involved to execute the work properly. Mr. Hanson moved to reject the bid, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to reject the bid received from Thermal Engineering International for Unit 3-4 high pressure feedwater heater for failure to meet bid specifications by not providing a firm price, schedule, or appropriate documentation of contractor's experience.

5. Mr. Hensel, RPU Director of Field Services, informed the Board that the State of Minnesota has appropriated \$175,000 for cost-sharing planning and engineering costs associated with the Lake Zumbro Restoration Project. The state funding must be matched by local dollars. RPU has budgeted \$100,000 for the local match. The balance will come from local sources and in-kind contributions. He also said that Olmsted County has agreed to be the project manager and fiscal sponsor for the project. RPU owns the lake bottom. The hydro represents one of RPU's renewable resources.

Mr. Jibben asked what the ultimate cost for the project would be. Mr. Dean Albertson, Chairman of the Lake Restoration Committee and Vice President of Lake Zumbro Forever, Inc., replied that the cost is \$5 to \$10 million. However, he also said that we could spend more if we went down to the 1913 lake level. His committee is requesting state bonding money in the amount of \$175,000. The bonding proposal will be submitted in June to the state. The committee is also seeking money from the sales tax increase. He said that his committee appreciates the work of the RPU staff.

Mr. Williams asked how future sedimentation could be prevented. Mr. Hensel said that mapping of the lake bottom has been done in the past. There is less sedimentation than in the past due to conservation efforts. Mr. Williams said that this should be a great time to work with the state on carbon footprint for hydroelectric.

Mr. Jibben asked if there was room for another turbine on the hydro. Mr. Hensel said he thought a third wheel has merit, and that RPU should reevaluate its 1970's study on the subject. Changes to the hydro would require FERC licensing. Mr. Koshire said that the licensing would have cost RPU hundreds of thousands of dollars in the 1970's. Mr. Reichert asked what we would be getting for the \$100,000. Mr. Hensel said the scope is for engineering services on what we would do with the dredging. We also need further analysis of the sediment. An engineering firm will come up with options which will be shared with the partners. Mr. Hanson moved to approve a cost-sharing agreement for the Lake Zumbro Restoration Project, seconded by Mr. Williams.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a cost-sharing agreement with Olmsted County, Minnesota and to authorize funding for the planning and engineering of the Lake Zumbro Restoration Project, not to exceed \$100,000; and authorize the Mayor and the City Clerk to execute the agreement.

* Mr. Adkins entered the meeting at this time.

6. The Confidentiality Agreement with the Water Research Foundation was discussed. A report on water system infrastructure contains proprietary and confidential information. The Foundation is taking steps to secure the information. The City Attorney reviewed the agreement and the Foundation agreed to make the changes he requested. Mr. Hanson moved to approve the agreement, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to request the Mayor and the City Clerk execute the

Confidentiality and Nondisclosure Agreement with the Water Research Foundation for Materials Related to the Foundation project entitled "Guidance for Decontamination of Water System Infrastructure" with the understanding that the proprietary information contained in this report is confidential and a trade secret.

7. Mr. Koshire, General Manager, provided the following update to the Board:
 - a. Water crews have handled ten water main breaks in 25° below weather.
 - b. The sudden passing of Mr. Pat Lunn, SMMPA board member, and Austin Utilities Power/Water Production Director was noted. He will be missed by all who knew and worked with him.
 - c. RPU has sent a check to People's Cooperative Services for the agreement they signed, and is currently working on the integration expenses for the customers involved.
 - d. There will be a dedication for the completion of the emission reduction project (ERP) at the Silver Lake Plant sometime in April or May. The scrubber unit is running well. There is a reduction in NO_x and an 85% reduction in SO₂ levels.
 - e. Closing arguments in the SMMPA/RPU litigation have been completed. The judge has 90 days to make a decision. Mr. Adkins thanked Mr. Jibben, Mr. Williams, and Mr. Landwehr for attending the trial and for the helpful feed they provided to the trial litigators. Mr. Koshire also thanked the Mayo Clinic for being such a great partner.
8. The management and financial reports were discussed. Mr. Koshire explained that the financials were preliminary. The annual audit will take place shortly and the results will be presented at a future board meeting. Retail sales are down 3% in the electric utility and up by 5% in the water utility.

Mr. Jibben asked Mr. Kotschevar about a request RPU received from a wind farm to connect to one of our substations. Mr. Kotschevar said that when we receive a request to connect to our system, the company making the request must pay for any negative impacts to our system that may occur as a result of the connection. Mr. Reichert said the Board liked the reliability graphs and would like to see something monthly on reliability.

9. Other Business. Mr. Jibben will be absent from the February 24, 2009 board meeting. He appointed Mr. Williams as President Pro Tem for that meeting.
10. Mr. Hanson moved to adjourn the meeting, seconded by Mr. Stahl.

All voting "AYE"

The meeting was adjourned at 5:00 p.m.

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

Interim Gary Williams
Board President
2/24/09
Date