

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
June 26, 2008

Members Present: Mr. Jibben, Mr. Reichert, Mr. Stahl, Mr. Williams  
Absent: Mr. Hanson  
Also Present: \*Mr. Adkins, City Attorney

Board President Jibben called the meeting to order at 4:02 PM.

1. Mr. Reichert moved to approve the minutes of the May 27, 2008 meeting, seconded by Mr. Stahl.

All voting "AYE"

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

All voting "AYE"

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

4. Mr. Koshire, General Manager, provided the following report to the Board:

- a. The CEO from People's Cooperative Services, Elaine Garry, appeared before the Committee of the Whole meeting to request the Council to rescind its 1990 resolution and allow multiple electric utilities to serve within the city limits and to support a long-term agreement regarding compensation for Cooperative service area that is acquired. The Council took no position on the requests, but encouraged Mr. Koshire and Ms. Garry to give the Council a progress report at the end of September. Subsequently, Ms. Garry sent a letter to Council President Hanson suggesting that the Council engage an independent party to evaluate the benefits city and county residents would realize in a rescission of the 1990 resolution.

\* Mr. Adkins entered the meeting at this time.

- b. The Minnesota Municipal Utilities Association (MMUA) and the Minnesota Rural Electric Association (MREA) have been holding mediation talks to discuss a statewide formula for service territory acquisition. If the two groups reach an agreement, a consensus would still be needed among state municipals and cooperatives.
- c. Mr. Koshire provided an update on the following transmission line projects that require permitting.

- 1) CapX is the statewide transmission upgrade proposal with two new 161 KV interconnections to Rochester's north side. There will be an Administrative Law Judge hearing on July 2 on the Certificate of Need for this project.
  - 2) The Regional Incremental Generation Outlet (RIGO) for the planned wind generation developments south of Rochester.
  - 3) The new Westside Energy Park at 19<sup>th</sup> Street and 60<sup>th</sup> Avenue NW and the 161 KV lines on the west side required to support electric load growth.
  - 4) Finally, a major transmission project known as the "Regional Bridge" to bring power from the Dakotas to the East using 500 KV lines is in the Certificate of Need testimony. This may mean that some of the CapX lines would be double-circuited at 345 KV.
- d. Ms. Hanson, Manager of Marketing and External Services, provided an update on RPU's Demand Side Management efforts. She said RPU is pushing over 90% of our energy savings goal for 2008. This equals 11,764 tons of carbon reduction. She also said that many businesses in Rochester want to save energy.
- e. Mr. Hensel, Director of Field Services, provided an update on the state mercury TMDL Workgroup plan to reduce state-wide releases of mercury. The process was effective, and RPU played a significant role in the plan development. The target is to meet the reductions over the next 15 years. RPU's emissions are below the annual goal on a unit by unit basis, and we do not need to make additional reductions.
- f. Mr. Koshire stated that the issue of carbon reduction was discussed at the annual meeting of the American Public Power Association (APPA). Mr. Williams, who attended the meeting, said that there are four challenges facing the utility industry: rising costs, climate changes, restructured wholesale markets, and workforce changes. He asked how we as a utility should educate the public about these changes and how they will impact the public. He recommended that we actively engage the public in this discussion.
5. The management and financial reports were discussed.
- Ms. Parker, Director of Corporate Services, informed the Board that MBIA has been downgraded by Moody's. MBIA is a financial guarantor for the City's 2000 and 2007 Electric Revenue Bonds. Springsted, RPU's financial advisor, is reviewing the matter. Ms. Parker stated that RPU's bond rating won't go any lower because of this.
6. Other Business:
- Mr. Koshire announced that Mr. Mark Kotschevar would be replacing Mr. Walt Lorber as Director of Core Services. Mr. Lorber is retiring at the end of August.

7. Mr. Stahl moved to adjourn the meeting, seconded by Mr. Williams.

All voting "AYE"

The meeting was adjourned at 4:50 p.m.

Submitted by:

Kathie Wilson  
Secretary

Approved by the Board:

John John  
Board President

7/29/08  
Date