

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
October 30, 2007

Members Present: Mr. Landwehr, *Mr. Jibben, Mr. Stahl, Mr. Reichert, Mr. Hanson
Absent: None
Also Present: Mr. Goslee, Deputy City Attorney

Mr. Landwehr appointed Mr. Jibben to serve as Board President Pro Tem during the meeting.
Mr. Jibben called the meeting to order at 4:00 p.m.

1. Mr. Hanson moved to approve the minutes of the September 25, 2007 meeting, seconded by Mr. Stahl.

All voting "AYE"

2. Mr. Hanson 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 explained that capital items approved the annual budget usually do not require approval to advertise by the Board. However, the purchase of the substation transformers in question involves more than one budget year. Mr. Anderton, Manager of Engineering, explained that some lead times were as long as 58 weeks. Mr. Reichert moved to approve the purchase, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve advertising for bids for

One 37 MVA transformer for the Cascade Creek Substation to be energized by May, 2009
One 37 MVA transformer for the Westside Substation to be energized by June 2010

- 5 a. The purchase of an emergency generator and transfer switch for the RPU Service Center was discussed. It will be used for backup purposes. The current unit is over 20 years old and has other electrical code issues. The bids were also discussed among the Board. Mr. Hanson moved to approve the purchase, 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 order agreement with Interstate PowerSystems for:

Purchase of a 250KW / 312.5 KVA Packaged Engine Generator with Transfer Switch

The amount of the purchase order agreement to be FIFTY-ONE THOUSAND TWO HUNDRED THIRTY-THREE AND 00/100 DOLLARS (\$51,233.00) and Interstate PowerSystems being lowest responsible bidder.

- 5 b. A request for a contract amendment in the amount of \$100,000 for hourly line clearance tree trimming was discussed. RPU has a full-time tree trimming coordinator who can schedule the hourly crews and interface with customers who have tree trimming requests or questions. This amendment would cover a second hourly crew until the end of 2007. New bids for tree trimming would be sought for 2008. Mr. Stahl moved to approve the amendment, seconded by Mr. Hanson.

All voting "AYE"

BE II 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 amendment with Asplundh Tree Expert Co., and that the Common Council authorize the Mayor and the City Clerk to execute Amendment No. 1 for

Hourly Line Clearance Tree Trimming Contract (original amount):	\$200,960.00
Amendment No. 1:	100,000.00
Amended Contract Amount:	\$300,960.00

The amount of the amended contract to be THREE HUNDRED THOUSAND NINE HUNDRED SIXTY DOLLARS AND 00/100 DOLLARS (\$300,960.00).

- 5.c. Mr. Landwehr moved to approve the purchase of one aerial device, utility body and installation, seconded by Mr. Hanson.

All voting "AYE"

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

Aerial Device with Utility Body and Installation

The amount of the purchase order agreement to be EIGHTY THOUSAND TWO HUNDRED FIFTY-SEVEN AND 00/100 DOLLARS (\$80,257.00) plus sales tax, and DUECO being lowest responsible bidder.

- 6. The Emission Reduction Project at the Silver Lake Plant requires the installation of a booster fan on Unit 4. Mr. Schlink, Director of Power Resources, informed the Board that the changes being proposed by staff are required by the National Fire Protection Association to meet code and remain in compliance with the standards for boilers of this type. Utility Engineering is recommending that the professional design services be provided by the original equipment manufacturer, The Babcock & Wilcox Company. Mr. Reichert moved to approve the agreement, seconded by Mr. Landwehr.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with The Babcock & Wilcox Company for

Professional Services for the Supply of Graphics and Engineered Materials
As Defined in Proposal P-008561 for Modifications to SLP Unit 4
Emissions Reduction Project

The amount of the agreement to be ONE HUNDRED SEVENTY-EIGHT THOUSAND FOUR HUNDRED TWENTY AND 00/100 DOLLARS (\$178,420.00).

- 7. Mr. Schlink requested the Board to approve the renewal of an existing energy sales agreement for the Cascade Creek Gas Turbines between the City of Rochester and the Minnesota Municipal Power Agency. Mr. Stahl moved to approve the agreement, seconded by Mr. Hanson.

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 the Minnesota Municipal Power Agency (MMPA) and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

Sale of Energy from the Cascade Creek Gas Turbines

The term of the agreement to be November 1, 2007 through October 30, 2008.

- 8. Mr. Koshire said that the purpose of the Grant and Assignment of CapX Intellectual Property Agreement was to create the existence of an "official" entity. Eleven utilities have grouped to build transmission. Mr. Hanson moved to approve the agreement, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Board requests the Common Council to approve an assignment of the City of

Rochester’s CapX 2020 intellectual property and associated rights to CapX 2020 Transmission Capacity Expansion Initiative Trust, a Delaware Statutory Trust, and to authorize the Mayor and the City Clerk to execute the

Grant and Assignment of CapX 2020 Intellectual Property

- 9. Mr. Lorber, Director of Core Services, requested the Board to approve an amendment to Common Council Resolution 044-07 passed on January 17, 2007 in order to include the six 2007 annexations completed to date. Mr. Hanson moved that the Council Resolution be amended, seconded by Mr. Reichert.

All voting “AYE”

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Board requests the Common Council to amend Council Resolution 044-07, to include:

Addition of 2007 Annexations ORD 3795, ORD 3805, OA-661-8, OA-661-9, ORD 3820, and OA-10408-4

to Exhibit A (Revised), for the acquisition of electric service rights from People’s Cooperative Services by eminent domain to areas annexed to the City of Rochester since January 1, 2001 (District Court File #55-CV-07-1262).

- 10. A revised For Board Action was distributed during the meeting for the capital lease proposals for network and Data Center resource upgrades. Key Government Finance Inc. was the lowest responsible bidder. Mr. Hanson moved to approve the contract agreement subject to review and approval by the City Attorney, seconded by Mr. Stahl.

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 Key Government Financing Inc., subject to review by the City Attorney, and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

Capital Lease for Network and Data Center Resource Upgrades

The amount of the contract agreement to be SIX HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$650,000.00) payable in Semiannual installments of \$116,022.40, and Key Government Finance Inc. being lowest responsible bidder.

- 11. Mr. Rovang, Senior Civil Engineer, discussed various proposed revisions to the “Water

11. Mr. Rovang, Senior Civil Engineer, discussed various proposed revisions to the "Water Service Rules & Regulations" with the Board. Highlights of the revisions included the use of polyethylene pipe under certain conditions. RPU staff considers copper to be a better service line material and recommends continuing to require the installation of copper water service lines in the street right-of-way and adjacent utility easement. Use of polyethylene pipe requires written Water Utility approval prior to installation.

Mr. Mick Hinrichs, owner of Mick's Backhoe Service, appeared before the Board to discuss the benefits of polyethylene pipe, or "plastic pipe" as he referred to it. He said that the City of Sioux Falls (twice the size of Rochester) has been using plastic pipe for thirty years. He has found plastic to be cheaper and less corrosive. He said that even the water mains in Sioux Falls are plastic, and there is no shifting or cracking and no main breaks. This has saved Sioux Falls approximately \$100,000 to \$150,000 per year. He also said that plastic is very strong and easy to repair. Owatonna and Mankato and all the gas companies have switched to plastic. Mr. Jibben said that with the price of copper and theft of copper, this is something to consider. Mr. Hanson moved to approve the revisions, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve certain revisions to the Water Service Rules and Regulations to become effective November 1, 2007.

* Mr. Jibben turned the chair over to Mr. Landwehr and left the meeting at this time.

12. Mr. Koshire, General Manager, provided the following report to the Board:
 - a. A 2.5% net rate increase is planned by RPU's wholesale power supplier, the Southern Minnesota Municipal Power Agency (SMMPA). Mr. Koshire voted against the increase.
 - b. The Board's finance committee will meet on November 13 to discuss the proposed 2008 budgets. The preliminary budgets will be presented at the November 27 Board meeting.
 - c. Mr. Koshire and Mr. Hensel attended a bonding request committee meeting with the Lake Zumbro Improvement Association. Wabasha County is making the funding request to the State of Minnesota. The request is for \$350,000.
 - d. Ms. Hanson provided an update on RPU's Customer Care System project. The customers will receive information on this new system and its benefits with their bills.
13. The management/financial reports were discussed.
14. Mr. Hanson moved to adjourn the meeting, seconded by Mr. Stahl.

All voting "AYE"

The meeting was adjourned at 5 25 p.m.

Submitted by:

Hathea Wilson
Secretary

Approved by the Board:

R. L. Longweh
Board President

11-27-07
Date