

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
June 30, 2009

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

Board President Jibben called the meeting to order at 4:03 PM.

1. Mr. Reichert moved to approve the minutes of the May 26, 2009 meeting, seconded by Mr. Stahl.

All voting "AYE"

2. Mr. Jibben opened the meeting for comments from the public. Mr. Ray Schmitz appeared before the Board to discuss water conservation rates. He asked the Board to seek citizen involvement in creating these rates. He said that, "Water is the new oil." He also said that we need to conserve the valuable resources of our underground aquifer.
3. Ms. Megan Campbell, Opinion Dynamics Corporation, presented the results of the 2009 Customer Perception Study to the Board. The survey covered several topics including environmental stewardship/renewable generation, carbon emissions, pricing structure, smart grid and customer relations. Four hundred residential customers, 258 commercial customers and 15 key account customers were interviewed. She explained that there was a 95% confidence level in the results which shows that the data are valid and reliable. One of the results shows that there is a very strong customer satisfaction rating for RPU compared to other utilities.

Mr. Koshire said that RPU plans to use the survey results to make some long-term decisions and staff has talked internally about some pilots for 2010. Mr. Reichert said kudos to the RPU customer service representatives and other employees for the high customer satisfaction. He also said that he believed that photo voltaic was a good fit for RPU. Mr. Walters, Director of Customer Relations, said that the results are a testament to employees in all areas of RPU such as our line crews. He further stated that we measure and ask our customers for comments through RPU's "Ambassador Program." Mr. Williams suggested that the results be shared with employees and that another survey be completed in three to four years.

4. The Memorandum of Understanding (MOU) between the City of Rochester and the International Brotherhood of Electrical Workers (Office and Clerical Employees) was discussed. The purpose of the MOU was to modify the labor contract in order to provide adjustments to position classifications affected by the implementation of the Customer Care System (CCS) and the new assignments that were made. Mr. Williams 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 of the said City to approve the Memorandum of Understanding with the IBEW Local 949 Inside Bargaining Group per the terms, and to authorize the City Clerk and Mayor to execute the Memorandum of Understanding.

5. At the May meeting, it was explained to the Board that RPU will need to implement water conservation rates as required by Minnesota law by January 1, 2010 in order to receive a water appropriation permit for RPU's newest well #40. Mr. Rovang, Senior Civil Engineer, said the new well would be located by Willow Creek Golf Course. He said there is money in RPU's 2009 budget for construction, but that we cannot connect the well to RPU's water system unless we implement the water conservation rates. Ms. Parker, Director of Corporate Services, said Progressive Engineers has been retained to prepare a water conservation rate study which will take two to three months to complete. The Board will receive several options for consideration. Mr. Jibben suggested having a public meeting to discuss this. Mr. Koshire said we can also look at metro communities who have implemented the rates. Mr. Adkins said the Council will have the final authority on rates. Mr. Williams moved that staff communicate the proposed site for Well 40 to the City Administrator's office as an informational item, and that the Board request Council commitment to the implementation of water conservation rates, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, recommends that the Common Council of the said City commit to the implementation of water conservation rates as required under Minnesota Statute 103G.291 by January 1, 2010.

6. A revised For Board Action was distributed during the meeting to reflect a reduced cost of \$168,000 for the hydropillar water tower to be located at 50<sup>th</sup> Avenue NW. This cost will be carried in the 2010 budget. Mr. Rovang said this will give us storage capacity now and in the future. Mr. Stahl asked if we are overbuilding. Mr. Rovang replied that it would take two years to complete. Mr. Williams said he thought it would be a mistake to under build. Mr. Reichert moved to approve the recommendation that the Council take bids for the project and RPU's share of the project at \$168,000, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to request the City Council to proceed with the taking of bids for the construction of the proposed 2,000,000 gallon 50<sup>th</sup> Ave NW Hydropillar water tower.

BE IT FURTHER RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Board approves the City Council assigning up to \$219,000 of the cost of the proposed 2,000,000 gallon 50<sup>th</sup> Ave NW Hydropillar water tower to the Water Utility.

7. The annual technical support agreement for the Silver Lake Plant control system (“Delta V”) was discussed. Mr. Dunnette, Manager of Power Resources, said the scope of the system has increased by 50% while the cost has only increased by 2%. The modest increase in price is made possible by SLP staff playing more of a role in modifying the system. Mr. Koshire pointed out that the Executive Summary written by Emerson Novaspect contains a statement that the company supports RPU’s goal of reducing the operating and maintenance cost by \$5 million. Mr. Williams 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, to approve a contract agreement with Emerson Novaspect for

Control System Support Services Plan - Novaspect Proposal #5368

The amount of the agreement to be SEVENTY NINE THOUSAND SIXTY NINE AND NO/100 DOLLARS (\$79,069.00).

8. Mr. Koshire provided the following update to the Board:
  - a. Four of RPU’s line crew went to Austin to provide mutual aid after the tornado.
  - b. RPU staff are working on a revised financial forecast. A zero increase in electric and water rates is still the goal for 2010. Other cost deferrals and budget cuts are being discussed internally.
  - c. Mr. Steffens, Manager of System Operation/Reliability, explained the upcoming NERC audit to the Board. It will be held in January 2010. From the list of 223 potential requirements, RPU is responsible for 203. RPU has selected a consultant to provide a gap analysis of the compliance documentation and plan prior to the audit.
  - d. Mr. Schlink, Director of Power Resources, discussed the revised operating process staff has created at the Silver Lake Plant to supply steam to the Mayo Clinic by running just the boiler on one of the units with the turbine off-line. We have also cut back on gas usage this way. Total savings to date has been \$377,000 since April 1<sup>st</sup>. The same revisions are being considered for other units at the plant.
  - e. Mr. Hensel, Director of Field Services, provided an update on applications for American Recovery and Reinvestment Act (ARRA) funding. The Energy Efficiency and Conservation Block Grant for the City of Rochester was submitted by RPU on June 22. RPU also submitted its own application for a Minnesota Clean Diesel Grant to the state MPCA. The grant request was for \$60,000 to cover the incremental cost associated with a new plug-in hybrid aerial bucket truck.
9. The management and financial reports were discussed.

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

All voting "AYE"

10. Other Business

- a. Mr. Jibben announced that this would be his last meeting. He appointed Mr. Reichert as President Pro Tem for the July 28 meeting.
- b. Mr. Williams moved to approve a resolution recognizing Mr. Jibben's achievements on the Board, seconded by Mr. Stahl.

All voting "AYE"

WHEREAS, Mr. Jibben has diligently served on the Utility Board since 2003 specializing in strategic planning and communications, and

WHEREAS, Mr. Jibben has been a valuable asset and has contributed substantially to the well-being of Rochester Public Utilities and the local citizens by his leadership and efforts in such areas as energy efficiency, customer service, environmental protection, economic development, service territory disputes, and internal transitions within the Utility, and

WHEREAS, Rochester has benefited from the steady leadership of people like Mr. Jibben who believe in municipal ownership, and

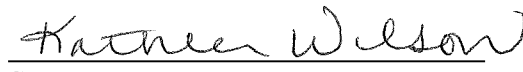
NOW, THEREFORE BE IT RESOLVED, that the Rochester Public Utility Board wishes to recognize and thank Mr. Jibben for his leadership, many talents, commitment to excellence and service to the Board and community.

- 11. Mr. Stahl moved to adjourn the meeting, seconded by Mr. Reichert.

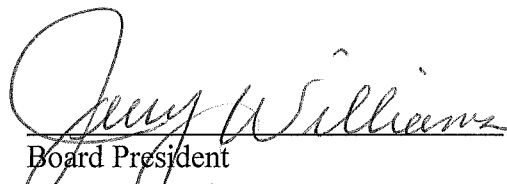
All voting "AYE"

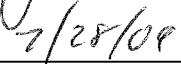
The meeting was adjourned at 6:10 p.m.

Submitted by:

  
 \_\_\_\_\_  
 Secretary

Approved by the Board:

  
 \_\_\_\_\_  
 Board President

  
 \_\_\_\_\_  
 Date