

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
August 31, 2004

Members Present: *Mr. Hunziker, Mr. Landwehr, Ms. Parker, Mr. Jibben
Absent: Mr. Utz
Also Present: **Mr. Adkins, City Attorney

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

1. Ms. Parker moved to approve the minutes of the July 27, 2004 meeting, seconded by Mr. Jibben.

All voting "AYE"

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

All voting "AYE"

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

4. Two new proposed rate tariffs, General Service High Efficiency HVAC (GS-HEF) and Medium General Service High Efficiency HVAC (MGS-HEF), previously discussed with the Board at the July 27 board meeting, were presented for approval. Mr. Koshire informed the Board that the public had been noticed and that no public input had been received. Mr. Jibben moved to approve both rates, seconded by Ms. Parker.

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 the following rate schedules effective October 1, 2004.

General Service – High Efficiency HVAC (GS-HEF)
Medium General Service – High Efficiency HVAC (MGS-HEF)

* Mr. Hunziker entered the meeting at this time.

5. Mr. Jeff Broberg, a licensed professional geologist with McGhie & Betts, Inc., appeared before the Board to discuss groundwater resource protection and the Decorah Shale Edge issue. Mr. Hensel, RPU Director of Field Services, informed the Board that the City of Rochester is currently getting feedback from developers, geologists and other parties regarding groundwater protection issues in the city. Mr. Broberg stated that builders, developers, consultants, local public officials and the scientists at the Minnesota and US Geological Survey have been reviewing the issues about building in areas near the

Decorah Shale. He also stated that approximately 10% to 20% of the area is not developable due to steep slopes and/or side hill wetlands. Mr. Broberg concluded his presentation by stating that building on or near the Decorah Shale is not any more hazardous than other areas of Rochester with the exception of areas with side hill wetlands and springs. He recommended that potential side hill wetlands and springs be the subject of routine building site investigations prior to construction and plans be developed to avoid the wetlands. Mr. Hensel said that the Board would receive another update on groundwater resource protection in the near future. Mr. Hunziker said that getting the various groups together with the public to come up with some guidelines would be a good idea prior to creating an ordinance. Mr. Broberg said that one of the biggest problems is misinformation. He said checklists could help this process because they aren't regulatory.

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

The Board discussed RPU's staff's involvement in groundwater protection planning. Mr. Koshire stated that RPU is an advocate of water use. Mr. Jibben said that RPU has already funded studies of groundwater protection in the past and recommended that RPU continue its work in this area. Mr. Koshire suggested that RPU sponsor a forum every three to six months to gather input from the public and post the data on RPU's Web site (www.rpu.org). Mr. Hensel said that RPU needed to have a public meeting by state regulations to conclude Phase 1 of the wellhead protection and groundwater protection project sometime on October. This would also be an opportunity to present the topic of protecting certain areas of the Decorah Shale to the public. Mr. Broberg offered to discuss the matter further with local builders. RPU staff agreed to do additional internal planning on this issue.

6a & b Mr. Hunziker moved to approve en bloc two resolutions for underground duct and manhole system projects, seconded by Mr. Jibben.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with A&A Electric Underground Const Inc. and request the Mayor and the City Clerk to execute the agreement for

55th Street NW Concrete Encased Underground Duct and Manhole System

The amount of the contract agreement to be TWO HUNDRED THIRTY-FIVE THOUSAND ONE HUNDRED TWENTY-FOUR AND 50/100 DOLLARS (\$235,124.50) and A&A Electric Underground Const Inc. being lowest responsible bidder.

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with MasTec North America Inc and request the Mayor and the City Clerk to execute the agreement for

41st Street Concrete Encased Underground Duct and Manhole System

The amount of the contract agreement to be TWO HUNDRED ELEVEN THOUSAND FIVE HUNDRED SEVENTY-FOUR AND 05/100 DOLLARS (\$211,574.05) and MasTec North America Inc. being lowest responsible bidder.

7. The guaranteed delivery agreement with Cornerstone Energy Inc. for RPU's Silver Lake Power Plant was discussed. RPU has done similar agreements in the past to ensure firm gas delivery during the winter. Mr. Adkins objected to the language regarding confidentiality in paragraph 5 of the agreement because it conflicts with Minnesota law. Ms. Parker moved to approve the agreement subject to removal of paragraph 5 from the agreement, seconded by Mr. Jibben.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Cornerstone Energy Inc., and to request that the Mayor and City Clerk execute the agreement for

Guaranteed Delivery Agreement – Natural Gas

The contract price to be \$12.50 per MMBtu for a volume of 200 MMBtu per month and a term of three years. The total value of the Agreement is \$90,000.00.

8. A preferred service agreement with Pratt & Whitney Power Systems, Inc. for the Cascade Creek Unit 2 was discussed. The agreement would provide the gas turbine with 24-hour engineering support. Mr. Jibben moved to approve the agreement, seconded by Mr. Hunziker.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a service agreement with Pratt & Whitney Power Systems, Inc. and that the Mayor and the City Clerk execute the agreement for

36-Month Preferred Service Agreement FT8 TWINPAC Unit Cascade Creek Unit 2

The amount of the contract agreement to be NINETY THOUSAND AND 00/100 DOLLARS (\$90,000.00) for 2005 and escalated per the contract.

9. The MMPA Settlement Agreement was withdrawn from the agenda.
10. The General Manager provided the following report to the Board:
 - a. RPU staff continues to work on the 18-month power supply plan. Part of the plan

was to look at a future site for a new gas turbine and substation. Staff will continue to update the Board on its progress.

- b. RPU staff is also reviewing various financing options including bonds. This would require Board and Council approval.
11. The management/financial reports were discussed. Mr. Koshire stated that the cool summer would have a negative impact on RPU's financials due to falling sales.
12. Mr. Hunziker moved to adjourn the meeting, seconded by Ms. Parker.

All voting "AYE"

The meeting was adjourned at 5:40 p.m.

Submitted by:

Kathleen A. Wilson
Secretary

Approved by the Board:

R. K. Kunkel
Board President
9-29-04
Date