

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
April 26, 2011

Members Present: Mr. Williams, Mr. Reichert, Mr. Stahl, and Mr. Browning
Absent: Mr. Hanson
Also Present: Mr. Goslee, Deputy City Attorney

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

1. Mr. Browning moved to approve the minutes of the March 29, 2011 meeting, seconded by Mr. Stahl.

All voting "AYE"

2. Mr. Williams opened the meeting for comments from the public.
 - a. Mr. Mark Nibaur, General Manager, Austin Utilities, was introduced to the Board.
 - b. Mr. Williams commented on the passing of Mr. James R. Carlson, a former member of the Utility Board for over 17 years. M. Williams described him as a friend of the organization and community. He was gifted with a great sense of humor and an easy going nature. He will be truly missed by his many friends and family. A moment of silence was observed.
3. Mr. Wente, Smith, Schafer and Associates, appeared before the Board to provide a brief overview of the audit process and results. A letter from the auditor is included in the RPU 2010 annual report along with operating and financial statistics. Within the scope of the audit conducted by Smith, Schafer and Associates, no significant deficiencies were noted.
4. During an informal planning session following the March 2011 Utility Board meeting, Mr. Mark Beauchamp, Utility Financial Solutions, presented the results of the "Cost of Service/Electric Unbundling Study" to the Board and public. RPU management recommended that the Board approve a motion to accept the study and place it on file. Mr. Stahl moved to accept the "Cost of Service/Electric Unbundling Study" report dated February 16, 2011 and place it on file, seconded by Mr. Reichert. Mr. Browning stated that while the Board accepted the report, it was not endorsing all of the recommendations in the report. Mr. Williams agreed with Mr. Browning's comment, and also said that the study would be used as part of RPU's budget planning process.

All voting "AYE"

- 5.a. The bids for directional boring and miscellaneous excavation were discussed with the Board. Mr. Williams asked if the unit pricing range was within the budget. Mr. Koshire explained that the dollars are in the budget and are split in a variety of ways. He also said the unit pricing is within the range. Mr. Stahl moved to approve a contract with A & A Electric & Underground, Inc., 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 A & A Electric & Underground, Inc., and to request the Mayor and the City Clerk to execute the agreement, for

Directional Boring and Miscellaneous Excavation Work
Per Bid Specification Agreement submitted on April 14, 2011

The amount of the contract agreement to be TWO HUNDRED FIFTY-FOUR THOUSAND AND 00/100 DOLLARS (\$254,000.00) and A & A Electric & Underground, Inc. being lowest responsible bidder.

- 5.b. Mr. Reichert moved to approve the purchase of one digger derrick, 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 Altec Industries for

One 2011 Altec DM47-TR Digger Derrick,
Utility Body and Installation

The amount of the purchase order agreement to be ONE HUNDRED TWENTY-ONE THOUSAND SEVEN HUNDRED SEVENTY-SIX AND 00/100 DOLLARS (\$121,776.00) plus sales tax, and Altec Industries being lowest responsible bidder.

6. The one-year extension of the Novaspect Service Agreement for the Silver Lake Plant control system was discussed. Mr. Button, Measures & Controls Supervisor, said that the increase in the annual service agreement was due to the need for more hours of service for the data aggregation project. He also said that Silver Lake Plant employees have been learning the system so calls for service are not as frequent. Mr. Stahl moved to approve the extension, seconded by Mr. Browning.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a one year extension of the Novaspect, Inc. annual service agreement for the Silver Lake Power Plant Control System per the terms and conditions set forth in Novaspect proposal #5642-Rev. 1. The amount of the extension to be \$81,670.00.

7. A revised Resolution with an increased dollar amount for the purchase of storage modules for RPU's computer network was distributed during the meeting. Mr. Reichert moved to approve the purchase, seconded by Mr. Browning.

All voting "AYE"

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

Three 10 gig SAN Storage Modules and three SAS drives.

The amount of the purchase order agreement to be ONE HUNDRED EIGHTY-EIGHT THOUSAND AND 00/100 DOLLARS (\$188,000.00).

8. The 2010 Electric Engineering & Operations Report was discussed with the Board. The report is prepared annually to document the major accomplishments and performance statistics that reflect the work of the electric department for the year. A total of 544 new electric customers were added in 2010 bringing the total electric customers to 48,219.
9. Ms. Hanson, Manager of Marketing and External Affairs, discussed the results of Smart Grid focus groups with the Board. In March, RPU hired Confluence Marketing to perform multiple focus groups within each of the following market segments of RPU customers: residential, small commercial, and medium to large commercial. The intent of the focus groups was to learn from RPU's customers what they knew about Smart Grid. After analyzing the varied responses received from customers within each of these groups, staff has concluded that next steps include the development of a marketing/communications plan with a clear statement of a Smart Grid brand for all Smart Grid communications, and fully communicating with our customers on all aspects of Smart Grid development at RPU.
10. The General Manager's report to the Board consisted of the presentation of first quarter financial results by Mr. Blom, Manager of Finance and Accounting.
11. The management reports were discussed. Mr. Reichert moved to approve the accounts payable, seconded by Mr. Stahl.

All voting "AYE"

12. Mr. Reichert moved to adjourn the meeting, seconded by Mr. Browning.

All voting "AYE"

The meeting adjourned at 5:33 p.m.

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

Jay Williams
Board President

5/31/11
Date