

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
May 31, 2011

Members Present: Mr. Williams, \*\*Mr. Reichert, Mr. Stahl, \*Mr. Hanson, and Mr. Browning  
Absent: None  
Also Present: Mr. Adkins, City Attorney

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

1. Mr. Stahl moved to approve the minutes of the April 26, 2011 meeting, seconded by Mr. Browning.

All voting "AYE"

2. Mr. Williams opened the meeting for comments from the public.
  - a. Mr. Williams presented Ms. Mikala Guidinger with the second place award for her entry in the 2011 Minnesota Municipal Utilities Association (MMUA) Tom Bovitz Memorial Scholarship Award. The topic was, "Municipal utilities: good for all of us."
  - b. Ms. Jolene Radermacher, new customer service representative, was introduced to the Board.

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

- 3a. Mr. Cook, Senior Electrical Engineer, explained the North American Electric Reliability Corporation (NERC) requirement that all electric transmission owners verify clearance analysis of all 161 KV transmission system lines to the Board. Any corrections need to be made by 2014. The funds required to do the analysis are contained in the 2011 budget.

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

Mr. Hanson moved to approve a professional services agreement with Electrical Consultants, Inc., 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, subject to review and approval by the City Attorney's office, a contract agreement with Electrical Consultants, Inc., and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for professional services related to verification of transmission line clearances as required by North American Electric Reliability Corporation (NERC) Compliance Application Notices FAC-008 and FAC-009.

The amount of the contract agreement to be ONE HUNDRED TWENTY-SEVEN THOUSAND FIVE HUNDRED TWELVE DOLLARS AND 50/100 (\$127,512.50).

- 3b. Mr. Sutton, Manager of Portfolio Optimization, described the test burn of two types of coal that will be done to achieve a low sulfur coal at less cost; thereby lowering the Silver Lake Plant's operating costs. A third party will verify the results and submit them to EPA. Mr. Koshire said that RPU is trying to get the market price down by using blended coal. Mr. Hanson moved to approve purchase orders with Dairyland Power Cooperative and Cd Corporation Trucking, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve purchase order agreements with Dairyland Power Cooperative and Cd Corporation Trucking for

800 Tons of Coal to be shipped from Alma, Wisconsin to the  
Silver Lake Plant

The total amount of the purchase order agreements not to exceed SEVENTY-TWO THOUSAND AND 00/100 DOLLARS (\$72,000.00).

4. Mr. Sutton provided a report on 2010 renewable energy certificates retirement to the Board. Certificates 374-MN-06-2008-2510-17 to 58 and 456-MN-06-2008-2699-534 to 872 were retired. There was a total of 381 Renewable Energy Certificates. This represents seven percent of 5,439 MWHR's (RPU load over CROD, per MISO). The renewable energy certificates are from the Olmsted County Waste to Energy facility and RPU's hydro facility. No state reporting is required.
5. Mr. Rovang, Senior Civil Engineer, presented the 2010 Water Engineering and Operations Report to the Board. He said that water consumption has been going down over the last few years and that we have a very sustainable water supply. He also discussed future supply needs for wells and the anticipated schedule for water main replacements. Mr. Osweiler, Environmental Analyst, discussed water conservation and water quality with the Board. He also provided an update on water rebates and educational activities that promote water conservation.
6. The annual update of the Cogeneration & Small Power Production Rate (SPP) Tariff was discussed. Mr. Adkins stated that this was required by state law. Mr. Reichert moved to approve the update, 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 revised Schedule C of the RPU Cogeneration and Small Power Production (SPP) Rate Tariff which is updated

annually after each calendar year by RPU. This is required by Section III, paragraph A of the Rules Covering Cogeneration and Small Power Production Facilities (Minnesota Statutes Section 216B.164, Subdivision 9) which were previously approved by the Board/Council in June 2005.

7. The General Manager reported that staff is preparing for a potential state government shutdown.
8. The management reports were discussed. Mr. Hanson moved to approve the accounts payable, seconded by Mr. Stahl.

All voting "AYE"

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

All voting "AYE"

The meeting adjourned at 5:08 p.m.

Submitted by:

Kathleen Wilson  
Secretary

Approved by the Board:

Greg Williams  
Board President  
6/28/11  
Date