

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
August 25, 2009

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

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

1. Mr. Reichert moved to approve the minutes of the July 28, 2009 meeting, seconded by Mr. Stahl.

All Voting "AYE"

2. Mr. Williams opened the meeting for comments from the public. Mr. Ray Schmitz, 1508 28<sup>th</sup> Street SW, requested to address the Board regarding the topic of solar energy use. He said RPU's infrastructure plan update was a marvelous document and that he had submitted written comments regarding the document previously. He also mentioned that there is a window of opportunity for homeowners and commercial customers to receive a 30% credit for the installation of a photo voltaic (PV) system. He also said Minnesota doesn't have the land space for PV because it would displace farm land. However, Minnesota does have "arid" spaces on roofs. He suggested to the Utility Board that RPU allow consumers to pay for solar over a period of time and provide an incentive to local businesses to install the panels. Mr. Stahl asked how RPU's loan could get paid back. Mr. Schmitz replied that part of what the consumer is not paying would go to pay back the loan. He also said that RPU could develop a "feed-in tariff" similar to the ones in Europe which encourage solar use and looks at avoided costs. Mr. Stahl asked if any public entity were doing this. Mr. Schmitz said that it was being done in California.
- 3.a. Mr. Reichert moved to approve a purchase agreement with Areva T&D, Inc. for circuit breakers, 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 Areva T&D Inc. for

Two (2) 161kV Outdoor 161kV Circuit Breakers

The amount of the purchase order agreement to be ONE HUNDRED TWELVE THOUSAND AND 00/100 DOLLARS (\$112,000.00) plus sales tax, and Areva T&D Inc. being lowest responsible bidder.

- 3.b. Mr. Reichert asked why certain bids for disconnect switches were rejected. Mr. Stiller, Senior Electrical Engineer, informed him that the bidders in question had proposed using less robust switches than the recommended bidder. Mr. Adkins asked what standards were used. Mr. Cook, Senior Electrical Engineer, said that RPU's bids state NEMA standards, but the bidders in question assumed ANSI standards, which did not confirm to our specifications. Mr. Stahl said RPU's specifications appeared to be clear on the issue. Mr. Reichert asked staff to make the bid specifications very clear the next time we bid this item even though he felt we could legally reject the bids in question.

Mr. Stahl moved to reject the disconnect switches bids from Areva and Usco, and the two alternate bids from Southern States for failure to meet bid specification of equipment ratings, and to approve a purchase order agreement with Southern States, Inc., seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to reject bids from Areva and Usco and the two (2) alternate bids from Southern States Inc. for failure to meet bid specifications of equipment ratings.

BE IT FURTHER RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Southern States Inc. for

#### Eight (8) 161kV Disconnect Switches

The amount of the purchase order agreement to be SEVENTY NINE THOUSAND AND 00/100 DOLLARS (\$79,000.00) plus sales tax, and Southern States Inc. being lowest responsible bidder.

- 3.c. Mr. Cook, Senior Electrical Engineer, discussed the bids received for Q9 transmission structures with the Board. He told them that, at this time, steel is more economical than wood is for these structures. Mr. Hanson moved to approve a purchase order with Valmont Newmark for steel poles, 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 Valmont Newmark for

#### Nineteen Steel Poles with the Addition of Four Feet of Ground Line Treatment

The amount of the purchase order to be SIXTY-FOUR THOUSAND NINETY AND 00/100 DOLLARS (\$64,090.00) plus tax and Valmont Newmark providing lowest responsible quote.

4. At their July 2009 meeting, the Utility Board reviewed the results of the 2009 Infrastructure Plan update with staff. Immediately following the meeting, a copy of the report was posted to the RPU website for public comment. Mr. Koshire told the Board that Mr. Kiah Harris from Burns & McDonnell had prepared the update. Mr. Harris had begun the planning process for the Infrastructure Plan in 1999 when the Board and Council made the decision to approve a contract rate of delivery (CROD) with its wholesale power supplier. Mr. Koshire also said that updates of the plan will be presented to the Board every five years. Plans are underway at RPU for the development of more renewable resources and demand-side management projects. One conclusion of the plan update is that RPU will not need another generator for another decade. Mr. Williams directed the Board Secretary, Kathy Wilson, to file the comment received from Mr. Schmitz with the 2009 Infrastructure Plan update document. Mr. Hanson asked if there were any stimulus funds for solar. Mr. Walters, Director of Customer Relations, said that staff was reviewing this with a consultant. Mr. Koshire said there is pending energy legislation that would move things forward.

The Board directed staff to continue to monitor this area and bring information forward as it becomes available. Mr. Stahl said that constant monitoring is needed so that the Infrastructure Plan does not remain static. Mr. Reichert said that the document is not that long-range and that the Board wants to see its options now. Mr. Reichert asked about the status of the Silver Lake Plant. Mr. Koshire said the units are aging and that nuclear plants with an 80 year life cycle are being looked at in other areas of the country. Mr. Reichert said he is not sure if we want to hook ourselves to natural gas since coal is more reliable.

Mr. Hanson moved to accept the 2009 Infrastructure Update, place it on file and use it for power supply planning, seconded by Mr. Landwehr.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to accept the 2009 Infrastructure Plan Update to Electric Utility Baseline Strategy for 2005 – 2030 and place it on file.

BE IT FURTHER RESOLVED that the Board accepts the recommendations included in the 2009 Infrastructure Update to be used as a guideline for power supply planning.

5. A special Board Meeting on November 10, 2009 was requested to approve the RPU budgets. A preliminary version of the budgets will be available at the Board's October 27, 2009 meeting for discussion and public comment. Staff's goal is to have zero rate increases for electric and water for 2010. Mr. Koshire said that while water conservation rates are being investigated, any recommendations will be revenue neutral. Council approval of the RPU budgets will be requested on November 16, 2009. Mr. Adkins said this complies with the Council request to bring the budget to them before their last meeting. Mr. Reichert asked about public comments. Mr. Koshire replied that we can solicit public comments in September, October and November. Mr. Williams

recommended that we go slowly to go fast in order to educate the public even if we are not ready by November 10.

Mr. Hanson moved to approve a special meeting on November 10, 2009, seconded by Mr. Stahl.

All voting "AYE"

6. Mr. Koshire provided the following update to the Board:
  - a. RPU received a letter of congratulations from the Commissioner of the Minnesota Pollution Control Agency for the successful startup of the Silver Lake Power Plant Environmental Improvement project.
  - b. A proposed borrowing from the Midwest Consortium of Municipal Utilities for the new Westside Substation, transmission line, and startup costs for the Emission Reduction Project was discussed. Approval by the Board is requested at a special meeting September 15 at 5:00 p.m. Council approval will be requested on September 21. The amount of the borrowing is \$6.7 million.
  - c. Mr. Hensel, Director of Field Services, informed the Board that RPU had received a \$60,000 Minnesota Clean Diesel Program Grant for a hybrid diesel bucket truck.
  - d. Mr. Hensel told the Board that staff is discussing a right of way agreement with Mazeppa Township for the Lake Zumbro access road.
  - e. Mr. Koshire said the Common Council has acted on some employee furlough day requests to assist the City of Rochester's budget shortfalls in 2010. Human Resources continues to work with other employee groups for similar wage concessions.

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

- f. Mr. Landwehr asked about the intent of RPU's automated meter reading (AMR) program. Mr. Kotschevar, Director of Core Services, said all of the electric residential meters are done. He also said we will be done with the rest of the water residential meters in early 2010. He further stated that we may be able to use our system to migrate into the next phase of two-way communications.
  - g. Mr. Williams asked about the status of the Midwest Independent System Operator (MISO). Mr. Kotschevar said RPU operates with Dairyland to have a regional transmission tariff. He also said that some of the entities are joining MISO. Once Dairyland joins MISO, RPU will need to do so.
7. The management and financial reports were discussed.

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

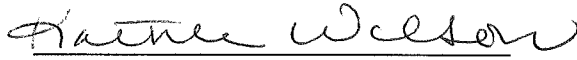
All voting "AYE"

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

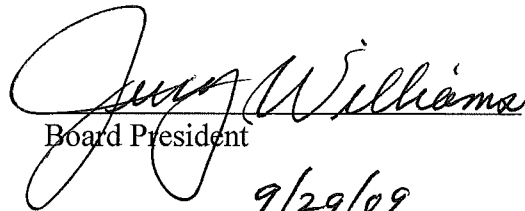
All voting "AYE"

The meeting was adjourned at 5:20 p.m.

Submitted by:

  
Secretary

Approved by the Board:

  
Board President  
9/29/09  
Date