

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
August 30, 2011

Members Present: Mr. Williams, Mr. Reichert, Mr. Hanson, Mr. Stahl and Mr. Browning  
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 26, 2011 meeting, seconded by Mr. Stahl.

All voting "AYE"

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

All voting "AYE"

3. Mr. Williams opened the meeting for comments from the public.

Mr. Tom DeBoer, RPU Key Account Representative, introduced Mr. Dirk Bierbaum to the Board as RPU's new Key Account Representative. No one else wished to be heard.

4. The revisions to RPU's Electric Service Rules and Regulations were presented to the Board by Mr. Engle, Supervisor of Distribution Design. The changes were mainly customer-driven. The purpose of the document is to inform customers and contractors what is generally available for different installations and to explain the requirements for service installations. The document is regularly updated every few years. The Board concurred with staff's recommendations.

5. Amendment 4 to Schedule A of the Power Sales Contract between the Southern Minnesota Municipal Power Agency and the City of Rochester was discussed. The updates reflect the metering additions associated with Westside Substation and the metering for the new unit #3 at Olmsted Waste to Energy Facility (OWEF). Mr. Hanson moved to approve the amendment, 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 an amendment to the Power Sales Contract between the Southern Minnesota Municipal Power Agency and the City of Rochester, Minnesota, and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

Amendment 4 to Schedule A of the Power Sales Contract between  
Southern Minnesota Municipal Power Agency and  
the City of Rochester, Minnesota

6. Mr. Williams said that Mr. Kotschevar, Director of Core Services, would provide an overview of agenda items #6, #7 and #8 because they were related. Mr. Adkins said, *“Let the record show that Mr. Browning and Mr. Reichert will remain mute during the discussion of items #6, #7 and #8 and abstain from voting due to a potential conflict of interest.”*

In his overview of these three items, Mr. Kotschevar said that RPU had been approached by the Mayo Clinic regarding service to their Support Center Campus. After review, it was determined that Mayo’s electric service feeders could be accommodated without harming IBM’s electric reliability. Revisions to both IBM and Mayo Clinic electric service agreements became necessary. RPU’s Electric Service Rules and Regulations required some construction which both parties agreed to do. Item #6 Revisions to the IBM Electric Service Agreement and Item #7 Agreement for Electric Service to the Mayo Clinic Support Center Campus were a result of these discussions. Item #8 IBM Substation Switchgear was necessary to connect both parties. Electric feeders will come from the IBM substation to the Support Center Campus. Mr. Williams asked if IBM was splitting off its substation. Mr. Koshire explained that the agreements allow for future growth by either party. Mr. Williams said that both IBM and the Mayo Clinic should be applauded for their efforts.

Mr. Hanson moved to approve the revised IBM Electric Service Agreement, contingent upon review by the City Attorney and RPU General Manager, seconded by Mr. Stahl.

Three Voting “AYE”  
Two Abstaining (Mr. Browning and Mr. Reichert)  
Motion Carries

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the revised IBM Electric Service Agreement, and to request that the Mayor and the City Clerk execute the Agreement.

7. Mr. Hanson moved to approve the Agreement between RPU and the Mayo Clinic for electric service to the Mayo Clinic Support Center Campus, seconded by Mr. Stahl.

Three Voting “AYE”  
Two Abstaining (Mr. Browning and Mr. Reichert)  
Motion Carries

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 a contract agreement with the Mayo Clinic, subject to the approval of the 2012 RPU budget, and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

## Electric Service to the Mayo Clinic Support Center Campus

8. Mr. Hanson moved to reject the bids from Viking Electric and Border States for failure to provide bid bonds, to waive the minor irregularities in the bids from Pedersen Power Products and Eaton Electrical, and to approve a purchase order agreement with Pedersen Power Products for a metalclad switchgear, seconded by Mr. Stahl.

Three Voting "AYE"  
Two Abstaining (Mr. Browning and Mr. Reichert)  
Motion Carries

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to reject the bids from Viking Electric–Square D and Border States–Square D for failure to meet bid specifications by not providing a bid bond;

BE IT FURTHER RESOLVED by the Board to waive the pricing error based on an incorrect equipment rating in the bids from Pedersen Power Products, Inc. and Eaton Electrical Inc. as a minor irregularity of the bid;

BE IT FURTHER RESOLVED by the Board, to approve a purchase order agreement with Pedersen Power Products, Inc., subject to approval of the 2012 RPU budget, for

## IBM Substation Indoor Metalclad Switchgear

The amount of the purchase order agreement to be FOUR HUNDRED THOUSAND FOUR HUNDRED FIFTY-EIGHT AND 00/100 DOLLARS (\$400,458.00) and Pedersen Power Products, Inc. being lowest responsible bidder.

9. Mr. Anderton, Manager of Engineering, informed the Board that they were being asked to approve a template agreement for "Large Generator Interconnection Agreement (LGIA)." Mr. Stahl said that this document was a form and not a contract and asked why the Board was being asked to approve it. Mr. Schlink said that having the document approved allows RPU to post it on its web site for developers to review. Mr. Stahl said the Board could approve the document subject to revision. Mr. Adkins suggested putting a disclaimer with the document on RPU's web site stating that the final version may be different from the posted version. Mr. Stahl said the disclaimer needs to make this clear. Mr. Adkins suggested the following language for the disclaimer, "*The agreement is a suggested agreement and may be revised by Utility Board and City Council.*" Mr. Hanson moved to approve the adoption of the Large Generator Interconnection Agreement to include the City Attorney's disclaimer, seconded by Mr. Reichert.

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 adopt the "Large Generator Interconnection Agreement."

- 10. The General Manager provided the following report to the Board:
  - a. The Southern Minnesota Municipal Power Agency (SMMPA), RPU's wholesale power supplier, will not have a rate increase in 2012.
  - b. The SMMPA board deferred time of use rates. They will be reviewed next year.
- 11. The management and financial reports were discussed.
- 12. Mr. Hanson moved to adjourn the meeting, seconded by Mr. Reichert.

All voting "AYE"

The meeting adjourned at 4:45 p.m.

Mr. Williams stated that he was closing the meeting of the City of Rochester Public Utility Board to receive a communication from, and to have a discussion with, the City Attorney regarding the status of and to discuss potential litigation strategies for the threatened or anticipated litigation involving the City and the U.S. Environmental Protection Agency. This case involves the EPA's request for information from the City regarding the four units at the Silver Lake Power Plant, and the EPA's allegation of Clean Air Act violations. The closed meeting will occur pursuant to Minnesota Statutes, Section 13D.05, subd. 3(b).

He also said that following the closed meeting, the Board will would have an informal planning session in the Community Room.

Submitted by:

Kathleen Wilson  
Secretary

Approved by the Board:

Greg Williams  
Board President

9/27/11  
Date