

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
September 28, 2010

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

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

1. Mr. Landwehr moved to approve the minutes of the August 31, 2010 meeting, seconded by Mr. Reichert.

All voting "AYE"

2. Mr. Williams opened the meeting for comments from the public. No one wished to be heard.

3. The Board discussed the "Smart Grid Business Case Analysis" report received from Burns & McDonnell. A letter from Burns & McDonnell dated September 28, 2010 and a September 2010 version of the report was reviewed. Mr. Williams said a comprehensive plan was needed for educating the public. He went on to thank staff for all their work in this study. Ms. Parker, Director of Corporate Services, told the Board that the plan could be placed on RPU's web site. Mr. Reichert said that the report sets the basis for what should be included in RPU's smart grid strategy. Mr. Landwehr asked staff if dollars had been budgeted in 2011 for the next step. Mr. Koshire said that dollars can be placed in the 2011 budget for smart grid, but we need to define what they will be used for. Mr. Landwehr said that he believed dollars should be put into the 2011 budget even if we can't totally identify smart grid at this time.

Mr. Stahl said that there were two major components to smart grid: an education piece and a technical piece. He also expressed a desire to see the Smart Grid Business Case Analysis become a living document. Mr. Koshire said the smart grid analysis was modeled after RPU's infrastructure plan. RPU will be able to come back to the Board in two to three years to report on how RPU is doing in this area. Mr. Landwehr suggested that smart grid be revisited a year from now and two to three years after that. Mr. Reichert said that staff should be able to provide next year's update. Mr. Williams asked for a draft education plan for the public in three months. Mr. Koshire said this topic could be discussed again at the January 2011 meeting. Mr. Hanson moved that the Board accept and place on file the "Smart Grid Business Case Analysis" (September 2010 version) report, and use it as a guideline for implementing the elements of Smart Grid, seconded by Mr. Landwehr.

All voting "AYE"

- 4.a. The Service Center sidewalk replacement quotations were discussed. RPU staff determined that this project also presented an opportunity to leverage excess heating of the Service Center geothermal system with an integrated under sidewalk snow-melt system which would save labor and equipment costs for snow removal, and help eliminate risks to pedestrians. Mr. Stahl moved to approve a purchase order agreement with Alvin E. Benike, Inc., seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Alvin E. Benike, Inc. for

Service Center Sidewalk Replacement Project  
Replacement of concrete sidewalks and installation of  
Under-concrete piping for sidewalk snow melt system

The amount of the purchase order agreement to be EIGHTY-FOUR THOUSAND NINE HUNDRED THIRTY-FIVE AND 00/100 DOLLARS (\$84,935.00) and Alvin E. Benike, Inc. being lowest responsible quote.

- 4.b. Mr. Williamson, Senior Mechanical Engineer, explained the scope of the Silver Lake Plant Unit 3 cooling tower rebuild to the Board. The unit has structural defects. Mr. Landwehr moved to approve a purchase order agreement with Cooling Tower Depot Inc., seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Cooling Tower Depot Inc. for

SLP Unit 3 Cooling Tower Rebuild - 2010

The total amount of the agreement to be SEVENTY-SEVEN THOUSAND FOUR HUNDRED SEVENTY-TWO AND 00/100 DOLLARS (\$77,472.00), which includes a \$10,000 contingency, and Cooling Tower Depot Inc. being lowest responsible bidder.

5. The proposed pole attachment license agreement with Arvig Enterprises, Inc. was discussed. Arvig Enterprises intends to install a large amount of overhead and underground fiber optic communications in Rochester and is requesting to attach the overhead cable to RPU poles. Mr. Koshire stated that if RPU abandons a pole, the terms of the agreement allow RPU to give notice to Arvig Enterprises, and Arvig has to remove its cable. Mr. Adkins said that Qwest refused to sign this language in their contract, and this allows Qwest the opportunity to buy the pole. Mr. Adkins said that Arvig is not 100% fiber optic underground so they rely on poles to carry their signal. Mr. Koshire said that RPU follows FCC guidelines when it comes to requests for pole attachments even though we are not required to do so. RPU's pole attachment rate follows FCC

guidelines. Mr. Reichert asked what would happen to a new business like Walgreens coming into the City. Mr. Koshire informed him that the Council has asked the Planning Department to create an ordinance on redevelopment projects. Mr. Hanson moved to approve the pole attachment license agreement with Arvig Enterprises Inc., 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 approve a contract agreement with Arvig Enterprises, Inc. and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

#### Joint Pole Attachment License Agreement

The amount of the contract agreement to be based on unit pricing as established by the agreement.

6. Mr. Rovang, Senior Civil Engineer, discussed Change Order No. 3 to Well No. 40 in the amount of \$53,136.60. The change order is needed to significant changes to the original project scope. Final project cost is \$301,456.60. Mr. Hanson moved to approve the change order, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve Change Order No. 3 to the October 30, 2009 unit price contract with E.H. Renner & Sons, Inc. for construction of Municipal Well No. 40 (Southwest), which establishes final contract quantities and the final well construction cost of \$301,456.60, amends the project completion date, and authorizes the Mayor and the City Clerk to sign Change Order No. 3.

Mr. Kotschevar, Director of Core Services, informed the Board that Mr. Rovang had received two awards from the American Water Works Association (AWWA) recently. The first award is the George Warren Fuller Memorial Award. This is a national award that is given each year to members for their distinguished service in the water supply field and in commemoration of the sound engineering skill, the brilliant diplomatic talent, and constructive leadership which characterized the life of George Warren Fuller – one of America's most eminent engineers. Mr. Rovang will travel to Washington DC next year to receive the award. The second award is the Leonard N. Thompson award from the Minnesota section of the AWWA. It is named after a former City of St. Paul Water Utility general manager. It is made annually to a Minnesota Section member who typifies the standards that were emblematic of Thompson's contributions to the Section and the water supply industry. This is the first time that one individual has received both awards at the same time.

7. The proposed revisions to the RPU Cold Weather Disconnect Policy were reviewed by the Board. The Minnesota statute referred to in the current policy has been repealed and replaced by another statute which is specific to municipal utilities. The next Cold Weather Rule Period begins October 15. Mr. Landwehr moved to approve the revised policy, seconded by Mr. Reichert.

All voting "AYE"

8. Mr. Hensel, Director of Field Services, described the purchase option agreement that has been negotiated with the owner of a three acre parcel of property located southeast and adjacent to the RPU Service Center. The agreement gives RPU an exclusive option to purchase the parcel. The basis for the negotiated price of \$580,000 is an independent appraisal. Following approval of the 2011 budget in December, Board action will be requested.
9. The activities celebrating Public Power Week (October 3 – 9) were described. Mr. Hanson moved to approve a resolution proclaiming Public Power Week, seconded by Mr. Reichert.

All voting "AYE"

**PROCLAMATION RECOGNIZING PUBLIC POWER WEEK, OCTOBER 3-9:  
ROCHESTER PUBLIC UTILITIES HELPS OUR COMMUNITY IN POWERFUL  
WAYS**

WHEREAS, we, the citizens of Rochester, place high value on local control over community services and therefore have chosen to operate a community-owned, locally controlled, not-for-profit electric utility and, as consumers and owners of our electric utility, have a direct say in utility operations and policies; and

WHEREAS, Rochester Public Utilities provides our homes, businesses, farms, social service, and local government agencies with reliable, efficient, and cost-effective electricity employing sound business practices designed to ensure the best possible service at not-for-profit rates; and

WHEREAS, Rochester Public Utilities is a valuable community asset that contributes substantially to the well-being of local citizens through energy efficiency, customer service, environmental protection, economic development, and safety awareness; and

WHEREAS, Rochester Public Utilities is a dependable and trustworthy institution whose local operation provides many consumer protections and continues to make our community a better place in which to live and work, as well as contributes to protecting the global environment;

NOW, THEREFORE BE IT RESOLVED: that Rochester Public Utilities will continue to work to bring lower-cost, safe, reliable electricity to community homes and businesses just as it has since 1894, the year when the utility was created to serve all the citizens of Rochester; and

BE IT FURTHER RESOLVED: that the week of October 3-9 be designated the 24<sup>th</sup> annual Public Power Week in order to honor Rochester Public Utilities for its contributions to the community and to make its consumer-owners, policy makers, and employees more aware of its contributions to their well-being and how it makes their lives powerful; and

BE IT FURTHER RESOLVED: that our community joins hands with more than 2,000 other public power systems in the United States in this celebration of public power and recognition that Rochester Public Utilities is good for consumers, business, the community, and the nation.

10. Utility Board meeting dates for 2011 were distributed and discussed. The Board also requested that the December 28, 2010 date be changed to December 21, 2010, and that staff notice the public by posting all dates to RPU's web site and City Calendar. Mr. Reichert moved to approve the meeting dates, seconded by Mr. Hanson.

All voting "AYE"

11. The General Manager provided the following report to the Board:
  - a. RPU employees had no recordable safety accidents during the month of August.
  - b. The Utility Board will hold their November 30 meeting offsite at Cascade Meadows providing construction is complete at that time. An optional tour of the water hydro pillar will be provided at 3:00 p.m. A quorum of the Board may be present for the tour.
  - c. At their September meeting, the Southern Minnesota Municipal Power Agency (SMMPA) Board voted to proceed with a bond issue up to \$90 million. Mr. Koshire would like to see the money used for SHERCO upgrades beyond 2030, but this will not be the case. SMMPA is trying to avoid a rate increase to its wholesale power members like RPU.
  - d. Mr. Hensel provided a flood update. The emergency plan for RPU's hydroelectric facility was invoked which provides for communication with Wabasha County, Olmsted County and downstream facilities.

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

Mr. Hensel also told the Board that RPU does annual emergency drills for this facility. Annual engineering inspections of the dam are also scheduled. Detailed studies have been done over the years to insure dam integrity and safety.

- e. The 2011 budget process will begin on October 19 with a finance committee meeting which is posted on the City Calendar. On October 26, the Board will review the preliminary budget. The Board will be asked to approve the budget on November 9.

- 12. The management and financial reports were discussed.

The payables were reviewed. Mr. Stahl moved to approve the accounts payable report, seconded by Mr. Landwehr.

All voting "AYE"

- 13. Mr. Reichert moved to adjourn the meeting, seconded by Mr. Landwehr.

All voting "AYE"

The meeting adjourned at 5:35 p.m.

Submitted by:

Kathleen Wilson  
Secretary

Approved by the Board:

Jerry Williams  
Board President  
10/26/10  
Date