

**MINUTES OF THE DELANO WATER, LIGHT AND POWER COMMISSION
CITY OF DELANO, COUNTY OF WRIGHT, STATE OF MINNESOTA
WITH ALL ACCOUNTS BEING AUDITED BY SAID COMMISSION
JOINT MEETING
DECEMBER 15, 2008**

1. CALL TO ORDER

The meeting was called to order by Chairman Larry Bartels.

2. ROLL CALL

Formal roll call was waived.

Members Present: Joe McDonald, Mayor, Holly Schrupp, Marc Plese, Brad Hotchkiss, and Larry Bartels*, Council members.

Commission Members Present: Larry Bartels, bob Hutter, Sam Nelson, Tim Falde, and Randy Keranen.

Also Present: Hal Becker, General Manager, Delano Municipal Utilities, Phil Kern, City Administrator, Robert Schulte, CMMPA** Chief Executive Officer, Steve Thompson, CMMPA Director of Operations, Wendy Biel, recorder for the City Council, Bob Stroud, recorder for the Utilities Commission.

3. AGENDA

DISCUSSION OF THE PROPOSED CMMPA AGREEMENT

Robert Schulte introduced a brief opening explanation of the agreement acknowledging twelve municipal utilities constitute the current membership of CMMPA. Each has a representative with voting power within the agency. The agreement was presented in two parts; the Market Participant Agreement and the Additional Services agreement. Mr. Schulte said most of the terms of the agreement were currently served by the agency without formal documentation. He said new and more stringent regulations from MISO*** would require stricter, more formal agreements for credit and additional study requirements of generation capacity for continued payment to member for their ability to actually supply the energy to the market on demand would be required. MISO requires an \$185,000.00 deposit for this study. Each generating unit must be metered separately and the meters must meet established MISO requirements. Mr. Schulte said the CMMPA agreement is for a five year period; normally twenty to thirty years with other agencies.

Steve Thompson went through the agreement in more detail explaining the general operations and the agencies capability of maintaining Delano's portfolio to meet mandated requirements for "green power" including the percentages required for wind generation. He also explained the Renewable Energy Credits and how they may become a valuable trading component of the market in the future.

Fielding questions from audience participant and incoming Council member Betsy Stolfa concerning the utilities position without the contract, Bob Schulte said the utility would in essence become a "stand alone" entity; purchasing power on the open market and obtaining credit without the benefits of combined collateral and purchasing power of the membership.

Phil Kern noted the contract exacts a five year notification to the CMMPA of any intention to sell or otherwise dispose of the utility. Robert Schulte said this was to prevent confusion for the CMMPA which may be negotiating long term positions for the utility. Phil Kern also presented question of language in some articles of the contract, one of which was the requirement for easement to City property for installation of transmission or wind generators necessary to fulfill

any mandates. Robert Schulte said he would have his representatives review the language of the articles in questions and have a response/revision by the next meeting scheduled for January 6, 2009 at 5:30pm.

Mayor Joe McDonald asked for an update on the Big Stone II project. Mr. Schulte said a transmission certificate was still needed and the Public Utilities Commission would vote on the matter at a meeting scheduled for January 15, 2009.

There being no further business before the Commission, the meeting was adjourned.

* Larry Bartels serves on the City Council and The Utilities Commission

** Central Minnesota Municipal Power Association

*** Midwest Independent Systems Operators

Larry Bartels, Chairman

Sam Nelson, Secretary