

**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
Monday, December 17th, 2009**

1. CALL TO ORDER

The meeting was called to order by Chairman Larry Bartels.

2. ROLL CALL

Roll call was taken and a quorum established

Members Present:	Larry Bartels, Chairman Bob Hutter, Commissioner Jonathan Ness, Commissioner Randy Keranen, Commissioner
Also Present:	Hal Becker, General Manager Aimee Dreger, Recorder Paul Twite, Operations Manager

3. AGENDA

Move item 10 a right after 3a.

There was a motion made by Jonathan Ness with a second by Bob Hutter to approve the agenda.

Motion Carried

4. MINUTES

A. There was a motion by Jonathan Ness with a second by Bob Hutter to approve the minutes of the regular meeting conducted on November 16th, 2009.

Motion Carried

B. There was a motion by Jonathan Ness with a second by Randy Keranen to approve the minutes of the special meeting conducted on December 8th, 2009 with the change on second page.

Motion Carried

5. POWER COST ADJUSTMENT

There was a motion made by Jonathan Ness with a second by Larry Bartels to approve the power cost adjustment for bills due December 27th, 2009 at negative .00301.

Motion Carried

6. FINANCIALS

Electric revenue for November was over budget by 38.42% and electric expenses were also over budget by 21.59% which leaves us ahead of budget. We are ahead of budget due to permits coming in that were not budgeted for. We are also ahead of budget in the Water department by about \$65,000.

Commissioner Ness asked why the Big Stone II balance is listed as an asset. Mr. Becker explained Big Stone II was an ownership project and listed as an asset. The number will decrease in the following months to recover the costs as the project is not going forward. There will be some final expenses coming in the next several months and that will be added to the final total.

There was a motion made by Bob Hutter with a second by Randy Keranen to approve the financials for November 2009.

Motion Carried

7. COMMISSIONERS REPORT - No Report

8. GENERAL MANAGERS REPORT

A. PRESENTATION ON ENERGY PROJECTS BY PAUL TWITE, Operations Manager

Introduction of Paul Twite, Operations Managers at Delano Municipal Utilities. Mr. Twite's job duties will consist of assisting on projects on day to day activities of the utility and managing our Conservation Improvement Program (CIP) including working with local businesses on conservation. Mr. Twite has added all of the information for the presentation to our website with links to the State of Minnesota and the statute and regulations.

PRESENTATION: For the year 2010, the State of Minnesota mandate for the Conservation Improvement Program (CIP) talks about regulations, the amount of money utilities have to spend on their CIP program and what the goals are for this program. This year we need to report to the Department of Commerce what funds we are collecting and using for the CIP. Previously we have been collecting 1½% of revenues to reinvest in CIP to save kilowatt hours. In 2010 we are mandated to collect 1½% of kilowatt hours and instead of 1½% of revenue. Revenue collections have been increased to generate enough cash to fund the new mandates.

A popular program is the Energy Star rebate for residential customers. This program gives rebates to residents purchasing Energy Star appliances and 14 seer air conditioning units. Local commercial and industrial customers are using funds from CIP for lighting projects replacing old lighting with energy efficient lighting. An added program at the end of 2009 was a joint effort by Landscape Structures and the DMU to turn in old Christmas lights and replace them with LED lights purchased at our local True Value Hardware Store. We saved approximately 260 kilowatt hours per participating home with this program. Old lights went to a recycler in Hutchinson to a business that employs special need adults to recycle the old lights. DMU participated in 50% of costs on this project to meet our CIP requirements.

Going forward in 2010 we can build on our current programs to meet the mandates for the new regulations. DMU is also looking at delivering another efficient lamp to customers as we did a couple years ago. Our Operations Manager Paul Twite will be doing residential and commercial energy audits and working with business projects in the future. Mr. Becker added we will be using infrared to determine costs and kilowatt usage and offering this as an additional service to our customers. We will not necessarily use our CIP funds for this particular service. Commissioner Ness asked when we would have a home energy audit program. Mr. Twite replied that in 2010, he will be working with this feature and will get the word out to residents and businesses when it is available. He also added we need to evaluate these opportunities and make smart decisions and research projects and opportunities to fully utilize the funds and meet the State mandates. Commissioner Keranen expressed a concern with our revenue if we are saving 5% in kilowatts and how that will affect our energy costs. Mr. Becker added if the State were to stop the CIP it will be for those economic reasons.

Also in 2010, DMU is going to lead by example and install a Geothermal heating/cooling system. Mr. Becker pointed out the energy savings from this system will be passed on through the Power Cost Adjustment so it will benefit all of our customers. Commissioner Keranen asked what will be the kilowatt savings for this new system and Mr. Twite will get that information and put it on the DMU website.

9. UNFINISHED BUSINESS - NONE

10. NEW BUSINESS

A. DISCUSS AND APPROVE POWER SUPPLY PROPOSAL

*MOVED TO ITEM 3)A.

CMMPA (Central Minnesota Municipal Power Association) Presentation by Chad Hanson along with Steve Thompson and Bob Schulte.

Note from handout: CMMPA members are committed to five year power supply through CMMPA through the existing Additional Services Agreement – Schedule C. Not recommending any of these RFP options tonight would default that agreement.

A brief summary of the presentation by CMMPA is we need to contract 50% of the CMMPA projected energy requirements beginning November 2011. RFP's (Requests For Proposals) were sent out and have been extensively reviewed by CMMPA staff. They have narrowed down the bids and need the DMU Commission approval to move forward. The information given to the Commission this evening is highly confidential as the bidding is in the final stages.

The spec sheets are what the Commission will need to approve and sign to go forward in the CMMPA bidding and purchasing process. These sheets are basically pre-approving CMMPA to purchase the energy needed for the association. This is a confirmation from the original CMMPA 5 yr agreement that locks us in to buy energy thru CMMPA. Commissioner Bartels added this agreement fills the gap that we needed to cover the loss of Big Stone II. DMU is the last member of CMMPA to sign the agreements and they would like to get those signed this evening to finalize the bids.

Commissioner Keranen commented that this looks like a pretty comprehensive study. Steve Thompson added CMMPA has spent \$150,000 of our budget as an agency just on this energy proposal. The next big planning push for CMMPA will be to determine what we will do in place of Big Stone II. It will be a much bigger effort than the agreement DMU is about to sign tonight. Chad Hanson explained CMMPA sent out 140 RFP's (Request For Proposal's) to purchase energy and received only 12 bids back. Commissioner Ness asked what the other cities questions were and Steve Thompson said a big question was why are we going up from 3 cents to purchase around 5 cents? Big Stone II was about 5.8 cents per kilowatt and the economy is low right now at 5 cents. In the previous years that average was higher.

There was a motion made by Randy Keranen with a second by Bob Hutter to approve all five spec sheets of the Power Supply Proposal from CMMPA.

Motion Carried

B. AMEND QUOTE FROM AN AIR-TO-AIR HEAT SOURCE PUMP SYSTEM TO A GEO THERMAL SYSTEM

There was a motion made by Jonathan Ness with a second by Bob Hutter to approve the amended quote from an Air-to-Air Heat Source Pump System to a Geo Thermal System for a final quote \$44,300.00.

Motion Carried

C. APPROVE 2010 BUDGET

The Commissioners and General Manager have had 2 major workshops to go over and discuss the DMU 2010 budget. In the Electric department, we are budgeting for no electric rate increases. We will be monitoring our cash reserves on a month to month basis to determine if a rate increase or a bond issue will be necessary during the year. The effort is to not have a rate increase in for this year.

For DMU staffing, we are down one full time line foreman position and one part-time office staff person. Our new Operations Managers salary will be paid partly out of our Conservation Improvement Program funds as running this program is that positions primary job duty.

For 2010, the DMU crew will be working on projects to bury power lines and looping transformers. We will be also be working on installing a new high voltage feeder and switch by the Delano Theatre. These projects have been started and the majority of the work will be completed in 2010.

We have in our budget to replace two pickup trucks that are 17 yrs old. Commissioner Hutter would like to point out the new trucks are much needed. The old trucks are on their last leg. Trucks are a valuable and necessary asset and the DMU staff handles new purchases as frugally as possible.

We have one payment left on our electric bond to be paid out December 2010. The remaining bond has \$59,000 in our 2010 budget to cover the interest for this bond. In 2011 we will have a better cash position as the larger bond will be paid off.

In the water department there will be a 5% rate increase for 2010 which is the same rate increase as in 2009. The decreases in expenses are due to the decrease in labor costs as there are no major water projects being worked on. The 2010 will have a negative return again this year but we are improving our financial projections for water by \$100,000. The deficit is less than expected due to permits collected in 2009 and also unexpected increase in revenue. The final payment for the water bond will be Feb 2012. The other water bond was purchased in 2005 as a 15 year bond. Commission Keranen asked Commissioner Bartels if there are any projections for permits in 2010. Commissioner Bartels replied not really any that he knows of that are coming in for this year. Mr. Becker pointed out we have budgeted permits in electric and water at zero again for 2010. When permits come in for 2010 they will help build our cash reserves as they have in 2009.

Commissioner Ness would like to add we have spent a lot of time on working through the budget and would like to thank the DMU staff for making a way for avoiding an electric rate increase at this time.

There was a motion made by Jonathan Ness with a second by Randy Keranen to approve the 2010 Budget for the Delano Municipal Utilities.

Motion Carried

i. APPROVE SALARY INCREASE FOR 2010

In previous discussions concerning a salary increase for DMU employees, a decision was made to stay with the trend of having the same increase of 2.4% as the city council approved for the city employees.

There was a motion made by Jonathan Ness with a second by Bob Hutter to approve the Salary Increase of 2.4% for 2010.

Motion Carried

11. CLAIMS

There was a motion made by Jonathan Ness with a second by Randy Keranen to approve claims for the month of November 2009 in the amount of \$522,265.89.

Motion Carried

12. ADJOURNMENT

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

Larry Bartels, Chairman

Jonathan Ness, Secretary