

**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
Tuesday September 13th, 2011**

1. CALL TO ORDER

The meeting was called to order by Commissioner Chairman Larry Bartels.

2. Council Members Present: Mayor Dale Graunke, Holly Schrupp, Betsy Stolfa, Derek Schansberg, and Dan Vick.

Commission Members Present: Chairman Larry Bartels, Jonathan Ness, and Derek Schansberg, Bob Hutter and Randy Keranen

Also Present: Hal Becker, General Manager, Delano Municipal Utilities, Phil Kern, and City Administrator, and Paula Bauman, recorder for the City Council, and Aimee Dreger, recorder for the Utilities Commission, Larry Schedin, LSS Resources. Conference Call Jim Erickson, LSS Resources.

3. AGENDA

4. Presentation of Delano Municipal Utilities Evaluation Study by LLS Resources

Larry Schedin of LSS Resources attended to present the Evaluation study done by his company. Mr. Schedin explained the basis of the study and the components used for the evaluation. Some components included were assets, financials, distribution, and comparisons of similar operations such as XCEL, Wright-Hennepin Electric and Connexus Energy. He also added if the utility would be sold, an investor owned utility could only use book value as the asset on their books. They also examined DMU outage records and stated the reliability is outstanding. Part of the study touched on the health and future of the utility and concluded that the utility should consider developing a longer term strategic plan in conjunction with the CMMPA plan for protection and for further savings opportunities. Mr. Schedin also reported other factors and expenses that would go along with a utility sale such as the legal expenses, contracts with CMMPA, and paying off the current electric utility debt. Other considerations presented by Mr. Schedin include employee obligations, the water utility department, and rate increases that could incur if the utility would be sold. Mr. Schedin also talked about the automatic meter reading system we are currently implementing that would allow the Commission to revise our current rate to new time of use rates at certain times of the day. A council member asked on the progress of our project and Mr. Becker stated we currently have approximately 600 electric meters installed and it will take us the remainder of the year to complete the meter implementation. There was also a comment that a customer would be able to look at their own utility usage online to monitor their own household.

5. Update on Proposal to Add More Wind Energy to Existing Renewable Energy Portfolio

Delano Municipal Utilities has an opportunity to purchase wind power with Iberdrola at \$38 per MWh. We are able to purchase enough wind power at 2.6 MWh to fulfill our REC's (Renewable Energy Credits) to be compliant with the Minnesota Renewable Portfolio Standard up to the year 2025.

6. Discuss in Lieu of Taxes for 2012. (2011 level is \$70,000).

A discussion ensued of using the same formula as last year or create a new amount for 2012. The formula suggested for calculating an amount was to use the book value of \$11.6M from the DMU evaluation study. Based on this book value of the Electric Utility would result in additional property taxes total to be about \$231,000 and 46% of that amount, or \$106,000, would be paid to the City of Delano.

There was a motion to give the City of Delano in Lieu of Taxes for 2012 \$106,000 based on the formula from derived from the study to be made in 12 monthly payments by Jonathan Ness and a second by Derek Schansberg.

Motion Carried

7. Remind Commission, Council and Staff about the CMMPA Information Meeting in Late October.

8. There being no further discussion, the meeting was adjourned at 8:35 pm.

Larry Bartels, Chairman

Jonathan Ness, Secretary