

DRAFT
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, May 17th, 2010

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 Joseph Johnson, Commissioner
Also Present:	Hal Becker, General Manager Aimee Dreger, Recorder Paul Twite, Operations Manager

3. AGENDA

There was a motion made by Bob Hutter with a second Randy Keranen to approve the agenda with 7A omitted.

Motion Carried

4. MINUTES

A. There was a motion by Randy Keranen with a second by Jonathan Ness to approve the minutes of the regular meeting conducted on April 19th, 2010.

Motion Carried

5. POWER COST ADJUSTMENT

The XCEL portion of purchases was reasonable for this month keeping costs low. The NCII plant was closed for their yearly winter maintenance for a short time so a portion of our costs were slightly higher this month.

There was a motion made by Jonathan Ness with a second by Bob Hutter to approve the power cost adjustment for bills due May 27th, 2010 at negative .00772.

Motion Carried

6. FINANCIALS

Commissioner Hutter asked when our capacity sales will come back and Mr. Becker replied that CMMPA (Central Minnesota Municipal Power Association) has filed all paper work for approval and hopefully capacity sales will start again July 1st, 2010.

Commissioner Ness asked if we are still on track to keep rates the same and Mr. Becker commented we are still on track. Commissioner Hutter commented that if we do not receive capacity sales soon, it could make our budget tighter. Commissioner Keranen asked if the MISO (Midwest Independent Transmission System Operator) study was paid for last year and Mr. Becker replied it was in the 2009 budget although we are expecting a refund from MISO as they did not use all of our funds.

A. Motion to Approve the Financials for April 2010

There was a motion made by Bob Hutter with a second by Jonathan Ness to approve the financials for April 2010.

Motion Carried

7. COMMISSIONERS REPORT

A. ADDRESS QUESTIONS WRITTEN BY CUSTOMER-tabled for next meeting

8. GENERAL MANAGERS REPORT

A. UPDATE ON OUTAGE ON OUTAGE THAT OCCURRED ON MAY 6TH, 2010 3pm.

As a construction company was boring their lines, they ripped through our power line. The DMU crew isolated the neighborhood power source and most customers were back on shortly after the outage. The crew then restored the loop leading to the remainder of customers. An invoice has been sent out to the construction company for the costs of the emergency repair.

B. CONSERVATION IMPROVEMENT PROGRAM UPDATE POWER POINT PRESENTATION

Operations Manager Paul Twite began by commenting on the benefits of conserving energy and the positive impact it has on our businesses, schools and residents.

He went on to explain in a power point presentation what the potential penalties and consequences are if we do not follow the CIP program state mandates. One consequence is the state can assign someone at our cost to run the program. Other penalties could include prohibiting DMU participation in any future energy supply projects including those through our agency (CMMPA Central Minnesota Municipal Power Association). These penalties could severely limit our ability to provide reliable power at a reasonable cost.

Commissioner Ness asked if there is an example of a utility that has been penalized for not meeting the requirements and Mr. Twite replied that we do not know of any examples so far. Commissioner Ness went on to ask if we are going to hit our goal and Mr. Twite is going to go through that information on the power point presentation. Mr. Twite continued on with the presentation pointing out we have already given 36 appliance rebates and that will continue through out the year. Commissioner Ness asked if we are looking at doing a CFL light bulb project. Mr. Twite replied we are looking at new LED and CFL light bulbs to hand out in the future. Commissioner Ness also asked what we need to do to meet our goals this year. Mr. Twite explained we have a couple of large business customers that are contemplating a lighting project. Companies are leery about making capital improvements right now with the economy. Mr. Twite has been going out to commercial and industrial accounts a couple times a week to discuss future projects. The DMU projects can account for a third of our CIP funds for updates at our locations with the benefit going to all of our customers through the Power Cost Adjustment.

9. UNFINISHED BUSINESS

A. DMU GEOTHERMAL PROJECT PHASE 2

Paul Twite continued the presentation with Phase II of the geothermal project. He pointed out that for every BTU you get from a conventional system, the geothermal will yield the same amount for the a third of the energy of electricity or gas.

As Mr. Twite is going over the power point presentation, he pointed out our biggest chunk of energy is to keep the engines warm enough to be ready to run at any given time. While heating the engines, they actually heat the plant acting as a radiator.

Commissioner Ness asked how insulated is the power plant for this system and Mr. Becker replied we installed a new roof about three years ago with six times the insulation. We have also replaced all the windows with Anderson windows and insulated the walls to make the plant more energy efficient.

Commissioner Ness went on to comment he really likes the CIP dashboard and would like to see this more often. It helps to see where are we going to land at the end of the year. He went on to say as we move forward, we should do a post audit on our geothermal project of our kilowatt usage savings.

Commissioner Hutter questioned how the percentages work in complying with our CIP numbers, and what happens if we do not have any future projects. Mr. Becker replied we are going to work aggressively with our Commercial and Industrial customers to get projects going and if the state sees that we are actively trying to do projects, they will work with us on meeting the requirements. Commissioner Ness asked what do we have lined up for next year for projects and do we have concerns for the future.

Mr. Becker replied that each year we have to readjust the budget to make up for the CIP savings as it affects our revenue.

Commissioner Ness questioned if we are still in a position that we would see a financial benefit to doing it now along with Phase I and Mr. Becker replied yes, the contractor will hold the price for including Phase II. Commissioner Bartels asked if the projected payback for Phase 2 is about 3 yrs and Mr. Becker confirmed that number.

Commissioner Ness asked if we could sell the boiler and Mr. Becker replied we will use that as a backup system if the geothermal system fails at any time.

Commissioner Keranen commented it is nice to have a project like this for green environmental reasons and set a good example for our customers. Commissioner Bartels agreed it would be a good investment.

Commissioner Bartels asked where are the wells going to be placed and Mr. Becker replied they are going in the front and side of the plant.

There was a motion made by Jonathan Ness with a second by Randy Keranen approve Phase II of the Geothermal project.

Motion Carried

10. CLAIMS

There was a motion made by Bob Hutter with a second by Jonathan Ness approve claims for the month of April 2010 in the amount of \$652,182.92.

Motion Carried

11. ADJOURNMENT

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

