



## MEETING AGENDA – OCTOBER 30, 2018

BOARD ROOM  
4000 EAST RIVER ROAD NE  
ROCHESTER, MN 55906

4:00 PM

### **Call to Order**

- 1. Approval of Agenda**
- 2. Safety Moment**
- 3. Approval of Minutes**

1. Public Utility Board - Regular Meeting - Sep 25, 2018 4:00 PM

### **4. Approval of Accounts Payable**

1. A/P Board listing

### **NEW BUSINESS**

### **Open Comment Period**

*(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)*

### **5. Regular Agenda**

1. Revocable Permit, HWY 52S Jaguar Communication  
Resolution: Revocable Permit, HWY 52S Jaguar Communication
2. Risk Property, General Liability and Automotive Insurance Renewals for 2018  
Resolution: All Risk Property Insurance  
Resolution: Commercial Automobile and General Liability Insurance  
Resolution: Excess General Liability Insurance
3. Electric Service Territory Agreement  
Resolution: Electric Service Territory Agreement

### **6. Informational**

1. Preliminary 2019 Water and Electric Budget and Rates

### **7. Board Liaison Reports**

1. RPU Index of Board Policies

### **8. General Managers Report**

### **9. Division Reports & Metrics**

### **10. Other Business**

### **11. Adjourn**

**Board Study Session on rate structures immediately following Board meeting**

*The agenda and board packet for Utility Board meetings are available on-line at [www.rpu.org](http://www.rpu.org) and <http://rochestercitymn.igmp2.com/Citizens/Default.aspx>*



## MEETING MINUTES – SEPTEMBER 25, 2018

BOARD ROOM  
4000 EAST RIVER ROAD NE  
ROCHESTER, MN 55906

4:00 PM

### Call to Order

| Attendee Name          | Title                | Status  | Arrived |
|------------------------|----------------------|---------|---------|
| Mark Browning          | Board Member         | Present |         |
| Tim Haskin             | Board Member         | Present |         |
| Melissa Graner Johnson | Board Vice President | Present |         |
| Brian Morgan           | Board President      | Present |         |
| Michael Wojcik         | Board Member         | Present |         |

### 1. Recognition: Denise Miller

Receptionist Denise Miller was recognized by the RPU Board for her 30 years of service to the utility, from 1988 to 2018.

### 2. Approval of Agenda

- Motion to:** approve the agenda as presented

|                  |  |
|------------------|--|
| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>                  |
| <b>MOVER:</b>    | Michael Wojcik, Board Member                 |
| <b>SECONDER:</b> | Melissa Graner Johnson, Board Vice President |
| <b>AYES:</b>     | Browning, Haskin, Johnson, Morgan, Wojcik    |

### 3. Safety Moment

President Morgan and the RPU executive team met before the Board meeting to review the utility's safety statistics on the 2018 recordable injuries to date, and President Morgan noted that one trend is slips and trips. These types of injuries are very difficult to control, he said, since it's easy these days to be distracted, whether by cell phone use or another distraction. He asked that everyone take more care to be aware of their surroundings in the hope to prevent slips and falls.

### 4. Approval of Minutes

- Public Utility Board - Regular Meeting - Aug 28, 2018 4:00 PM
- Motion to:** approve the Minutes of August 28, 2018 as presented

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>               |
| <b>MOVER:</b>    | Michael Wojcik, Board Member              |
| <b>SECONDER:</b> | Mark Browning, Board Member               |
| <b>AYES:</b>     | Browning, Haskin, Johnson, Morgan, Wojcik |

### 5. Approval of Accounts Payable

- A/P Board Listing
- Motion to:** approve the a/p listing as presented

*President Morgan asked why there were two payments to Blackberry Corporation, on lines 30 and 46. The charges are related to the new mobile*

*phone email application that will take the place of the previous Good for Enterprise application. RPU converted to Blackberry after learning the Good application would no longer be supported.*

|                  |  |
|------------------|--|
| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>                  |
| <b>MOVER:</b>    | Michael Wojcik, Board Member                 |
| <b>SECONDER:</b> | Melissa Graner Johnson, Board Vice President |
| <b>AYES:</b>     | Browning, Haskin, Johnson, Morgan, Wojcik    |

## NEW BUSINESS

### Open Comment Period

*(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)*

President Morgan opened the meeting for public comment. Seven people came forward to speak.

Olmsted County Commissioner Mark Thein spoke in support of Lake Zumbro dredging, saying that all the original parties of the project have increased their contributions, and he was now asking RPU to increase theirs. Without additional funding from RPU, he said, it would be a drastically different project and not as successful. Lake Zumbro is the only navigable lake in the county, he said.

Alan Hoffman, of Rochester, spoke regarding block rates and the customer charge. He is in favor of block rates where customers pay less for less usage. He also said the RPU customer charge needs to be acted on.

Val LaBeau, of Rochester, said RPU has held rate forums and conducted a 2015 customer survey showing that customers want help in conserving electricity.

Randy Runtsch, of Rochester, said he is very happy with RPU services but the community has asked RPU to be a leader to reduce carbon fuel that affects climate change, and he encouraged the use of renewable energy.

Ray Schmitz, of Rochester, said that in light of the Minnesota Public Utilities Commission meeting in Rochester on September 27, 2018, he encourages RPU to comment on the Southern Minnesota Municipal Power Agency (SMMPA) long-range plan to 2035, have some discussion of the SMMPA plan and integrate it into the RPU plan. RPU and its rate payers should have a significant impact in what SMMPA does in the long-range planning process, he said.

Flo Sendok, of Rochester, spoke regarding time of use, saying she would like to determine the best time to use her appliances and she thinks people ought to know that. RPU should start the process to change over to time of use pricing right away, she stated.

Rick Morris, of Rochester, said that earlier this week, Cleveland became the 83rd US city to commit to 100% renewable energy, as did Saint Louis Park, Minnesota previously. He asked that RPU join the effort to pave the way for Rochester as the representative of the public interest to go into the clean energy future in a structural way.

Board Member Michael Wojcik responded by asking if RPU has provided formal support of the SMMPA plan? No, said General Manager Mark Kotschevar. Are we in agreement with the plan, asked Mr. Wojcik? Yes, replied Mr. Kotschevar. Although no action has yet been taken on rates, Mr., Wojcik said he would like to review the options and formally make a decision at a future meeting. Board Member Mark Browning stated that in next year's infrastructure study, the Board will look at time of use rates, but smart meters are not yet available. President Morgan asked if time of use rate information is available to share. Mr. Kotschevar replied that SMMPA has a time of use rate for its members, but we can inform customers when the peak usage times are and share load patterns.

## 6. Regular Agenda

### 1. CapX - Resolution of the Coordinated Owners

*Engineering Manager Randy Anderton presented a request to the Board to approve a line swap agreement for the CapX La Crosse-Southeast Twin Cities-Rochester transmission project. A new transmission line is being built in Wisconsin, said Mr. Anderton, that will criss-cross the existing right-of-way corridor occupied by the CapX project, so to make things simple operationally, an agreement to swap a portion of assets between the two projects has been proposed. All five owners of the project, Dairyland Power Cooperative, WPPI Energy, Northern States Power Company, Southern Minnesota Municipal Power Agency and City of Rochester, will waive certain provisions to allow the swap to happen, according to the agreement. City Attorney Jason Loos has reviewed and approved the terms of the agreement. General Manager Mark Kotschevar pointed out that if approved, the agreement will need to go to the Rochester City Council for approval at the October 1, 2018 meeting.*

Resolution: CapX - Resolution of the Coordinated Owners

*BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve and request the Common Council authorize the Mayor and the City Clerk to execute the agreement for:*

*La Crosse-Southeast Twin Cities-Rochester Transmission Project*

*Resolution of the Coordinated Owners*

*Written Waiver of Certain Provisions of the Project Agreements*

*Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of September, 2018.*

|                  |  |
|------------------|--|
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>                   |
| <b>MOVER:</b>    | Melissa Graner Johnson, Board Vice President |
| <b>SECONDER:</b> | Michael Wojcik, Board Member                 |
| <b>AYES:</b>     | Browning, Haskin, Johnson, Morgan, Wojcik    |

### 2. Lake Zumbro Dredging Project

*RPU received a request from members of the Joint Powers Board and Lake Zumbro Forever for additional funding for the Lake Zumbro dredging project in September 2018. RPU already contributed \$1.167 million to the project back in 2012 and 2015, and was approached to add another \$364,540, one-third of the current \$1.1 million funding shortfall. Other funding partners to the project include: the State of Minnesota which has contributed a total of \$4.14 million, Olmsted County \$525,722, Wabasha County \$131,430, property assessments \$2,302,300*

and Lake Zumbro Forever \$316,000, with total funds available now standing at \$8,582,452.

General Manager Mark Kotschevar stated that RPU is the third largest funding partner to the project and was the first to go forward in 2012. Although RPU's commitment to the dredging project remains steadfast, staff can find no economic benefit to the utility or its rate payers, he said, relative to RPU's hydroelectric dam, to justify providing the additional funds.

Vice President Johnson remarked that it sounds like dredging is needed for the long-term benefit of the lake. Board Member Mark Browning said from his recollection on the RPU Board, the initial \$1.167 million was approved in 2012 with RPU being the first partner to step forward, but no further action was taken. He recalled a statement made at the time: that Rochester rate payers are also residents of Olmsted County which also supports the project.

Mr. Kotschevar reminded the Board that the budget process is underway and maintenance of the dam will require close to an additional \$1 million in order to keep the facility operational. While the dam itself is in good shape, the generating units and their inputs need to be replaced, along with replacement of the gates. Board Member Michael Wojcik asked if staff's recommendation is to keep the funding level for Lake Zumbro dredging where it's currently at. Mr. Kotschevar said that's correct. RPU is not a taxing entity, said Mr. Wojcik, it provides services for a fee; electricity and water. This project does not provide incremental benefits to either of these services, he said; these are not general levy tax dollars. While he is sympathetic to the project, he sees no benefit to water and electric rate payers.

As far as the sediment in the lake affecting the operation of the dam, Mr. Kotschevar said it could eventually happen in 100 years' time, but not now. Mr. Kotschevar stated he did speak with Ken Brown, Board Chair of the Lake Zumbro Improvement District, to ask what impact a smaller level of funding would have on the project, if that were to be an option.

President Morgan suggested breaking the vote into different resolutions if necessary to include the three funding options. He stated he is in favor of reaffirming the original amount of \$1.167 million. Mr. Wojcik concurred that the Board should honor the original commitment that was made by affirming the \$1.167 million in funding.

Mr. Browning made a motion to approve funding an additional \$364,540 as requested, which was seconded by Board Member Tim Haskin. Mr. Wojcik called the funding a charitable contribution, saying he could not support it since there are rate payers that need RPU's support. President Morgan said he struggles with the high price tag of the additional cost. Vice President Johnson stated that while she is in favor of the project, she must abstain from voting due to conflict of interest.

*Motion failed (M. Browning - yes/aye, M. Graner Johnson - abstain, B. Morgan, M. Wojcik and T. Haskin - no/nay).*

*Mr. Browning made a motion to match the latest funding amount of Olmsted County at \$125,000, which was seconded by Mr. Haskin. Motion failed (M. Browning - yes/aye, M. Graner Johnson - abstain, B. Morgan, M. Wojcik and T. Haskin - no/nay). Mr. Browning stated that this is a tough decision.*

*Mr. Wojcik made a motion to reaffirm the original \$1.167 million in funding. This was seconded by Mr. Haskin. Motion passed (M. Browning, B. Morgan, M. Wojcik and T. Haskin - yes/aye, M. Graner Johnson - abstain).*

## **7. Board Liaison Reports**

Director of Compliance and Public Affairs Steve Nyhus spoke to the Board regarding public access to Board members and the proposed email policy on behalf of the Board's communications committee. The parameters that have been set for the policy include one email address located on the RPU website that will be set to auto-forward to all five Board members and will allow attachments. An email form template that was previously proposed would not be conducive to attachments. Currently the City of Rochester has a sixty-day email retention policy, said Mr. Nyhus. Since not all Board members have an RPU email address, the emails forwarded to a personal account would not get deleted after sixty days, however emails in personal accounts are discoverable if pertaining to RPU business, therefore staff would need to determine if all Board members would need an RPU email address. The proposal is that the RPU Board Secretary will monitor and view the emails coming in, and the sender will receive an automated response letting them know the email has been received.

Board Member Michael Wojcik reminded Board Members that it's critically important not to hit "Reply All" when responding to an email, since that would violate the open meeting law. President Morgan pointed out that, for the record, all of the Board Members' email addresses can be found on the City of Rochester website with some digging.

Mr. Nyhus asked the Board to consider the proposal and said that a decision regarding the policy could be made by consensus. This item will be brought back to the Board.

General Manager Mark Kotschevar indicated that he will revise the Board Member Attendance at Conferences and Meetings policy to make it consistent with City of Rochester policies and place it on next month's agenda. Director of Customer Relations Krista Boston will be revising the Customer Relations and Customer and Public Information policies.

Mr. Wojcik stated that the pending Undergrounding Policy that he has proposed to be created is not a rush, but pointed out that the City of Rochester has formally initiated a dig once policy.

## **8. General Managers Report**

General Manager Mark Kotschevar reported that RPU is currently working on its 2019 budget and the executive team will hold its annual budget offsite October 3-5. The budget will be presented to the Board finance committee on October 18. Then on October 30, 2018, the preliminary budget and rates will be presented to the Board for review at the RPU Board meeting. At the November 13, 2018 special Board meeting, the Board will be asked to approve the 2019 budget and rate adjustments. The Rochester City Council is expected to approve RPU's budget at its November 19, 2018 meeting. If a rate increase is proposed, Board Member Mark Browning asked that the



Board be given the opportunity for input. Mr. Kotschevar offered to share with Board members RPU's project management office's (PMO) value metrics process spreadsheet ranking the utility's projects for the year.

When the cost of service study was conducted last year, a 1.9% rate increase was proposed for 2019. Additionally, said Mr. Kotschevar, SMMPA is proposing a rate decrease for 2019 that will automatically get passed along as a power cost adjustment reduction. It's not known yet how this will affect rates, but staff will put the numbers together once it is all finalized, Mr. Kotschevar stated.

The SMMPA Annual Meeting is scheduled for October 11-12, 2018 in Bloomington, Minnesota, and Mr. Kotschevar invited all Board members to attend.

Public Power Week will be held October 6-13, 2018. RPU is planning an event at the Minnesota Children's Museum-Rochester and will have a line truck and crew in attendance the morning of Saturday, October 13, with RPU staff available in the afternoon.

RPU is in agreement with all terms and conditions of the Badger Coulee agreement with SMMPA for a CapX 345kV transmission line being built from La Crosse, Wisconsin, to Madison, Wisconsin, said Mr. Kotschevar, and SMMPA will vote to approve the agreement on October 11. If approved, the RPU Board will be asked to approve at the October 30, 2018 Board meeting.

The service territory agreement with Peoples Energy Cooperative is now finalized and the Co-op will officially approve the agreement on September 28. The RPU Board will be asked to approve the five-year agreement at the October 30, 2018 Board meeting.

Mr. Kotschevar sent an email to all RPU staff involved in the FERC Joint Pricing Zone 16 filing to congratulate them on their efforts, after the ruling was found in RPU's favor. Xcel Energy has thirty days to respond, with a re-hearing request that has no due date, therefore it could still be many months before the agreement is closed.

RPU sent crews to help restore power in Owatonna after storm damage there on September 21-23.

RPU continues to see an uptick in credit card fees for processing point cards from commercial customers, said Mr. Kotschevar, and will soon be bringing a proposed policy for managing the fees to the Board for approval. Staff is currently working on a solution. President Browning asked where those costs go? Accounting Manager Bryan Blom replied that they get spread amongst the commercial and residential customer revenue. Mr. Kotschevar stated that RPU does not want to discourage normal residential credit card use, but there is a need to balance efficient operations with the large commercial customer accounts and arrive at a solution that is equitable to all customer classes.

Mr. Kotschevar provided an update to the Board on the Cayenta customer care system implementation project. Cayenta has added resources to the project and RPU is seeing progress, with over 130 of 300 incidents recently resolved. Although the project is over schedule and over budget, Cayenta is also taking a loss on the project, as they had originally budgeted 7,700 work hours and have now expended over 26,000 hours. RPU staff reached out to Whitlock Consulting, a firm that assists utilities with software implementation project management, and have not yet executed their services, but they have provided some positive tools and suggestions. A late April or early May 2019 go-live date is now expected, with end-to-end testing occurring at the beginning of November in best case scenario, said Mr. Kotschevar. RPU has enough money in the budget



to fund the project through the end of the year, but will be looking at another \$1million to close out the project. The RPU Board will be asked to make a decision in the 2019 budget process to continue with the project or cut losses and find another vendor. Staff has heard the end product is good, it's just the implementation that's difficult.

**9. Division Reports & Metrics**

**10. Other Business**

**11. Adjourn**

*The agenda and board packet for Utility Board meetings are available on-line at [www.rpu.org](http://www.rpu.org) and <http://rochestercitymn.igmp2.com/Citizens/Default.aspx>*

Submitted by:

\_\_\_\_\_  
Secretary

Approved by the Board

\_\_\_\_\_  
Board President

\_\_\_\_\_  
Date

## ACCOUNTS PAYABLE

Meeting Date: 10/30/2018

---

**SUBJECT: A/P Board listing**

---

**PREPARED BY: Terri Engle**

---

Please approve

**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

**Greater than 50,000 :**

|                               |   |              |
|-------------------------------|---|--------------|
| SOUTHERN MN MUNICIPAL POWER A | September SMMPA Bill                              | 8,174,176.17 |
| KNUTSON CONSTRUCTION SERVICES | Service Center Expansion Materials                | 1,028,267.00 |
| MN DEPT OF REVENUE            | August Sales and Use Tax                          | 877,317.48   |
| KNUTSON CONSTRUCTION SERVICES | Service Center Expansion Labor                    | 356,175.00   |
| ASPLUNDH TREE EXPERT CO INC ( | 405C line clearance~                              | 261,997.22   |
| CONSTELLATION NEWENERGY-GAS D | August Gas for WES                                | 213,492.57   |
| CONSTELLATION NEWENERGY-GAS D | August Gas at SLP                                 | 183,006.58   |
| CONSTELLATION NEWENERGY-GAS D | August Gas for Cascade Creek                      | 168,400.35   |
| WESTSIDE ENERGY PARTNERS      | Westside Energy Station EPC                       | 151,315.97   |
| THE ENERGY AUTHORITY INC      | September MISO Transmission                       | 121,531.40   |
| HIGH FOREST BOBCAT SERVICE LL | Truck lift installation - Fleet shop              | 108,790.02   |
| M.K. PAINTING INC             | Bandel Reservoir #90 Re-paint                     | 108,590.00   |
| STUART C IRBY CO INC          | 57,422 ft-97Wire, AL, 15kV, 1/0 Solid, 1/C, Jacke | 106,628.69   |
| CITY OF ROCHESTER             | CIP Conserve & Save Rebates-Lighting              | 81,252.14    |
| BORDER STATES ELECTRIC SUPPLY | 480-Meter, FM2S CL200 240V 2WAY W/Disconn         | 71,820.00    |
| MN DEPT OF HEALTH             | Community Water Supply Fee Jul-Sept 2018          | 61,982.00    |

**Price Range Total:**

12,074,742.59

**5,000 to 50,000 :**

|                               |  |           |
|-------------------------------|--|-----------|
| WRIGHT TREE SERVICE INC       | 2018 Hourly Tree Trimming~                                       | 46,653.83 |
| MINNESOTA ENERGY RESOURCES CO | August Gas for WES   | 45,688.33 |
| BILLTRUST dba                 | 16-18 CC/Billing/Mailing/IVR Services                            | 43,138.20 |
| AMERICAN FENCE COMPANY        | Fence/rolling gate install Douglas trail substation              | 39,451.00 |
| CEDARWOOD LAUNDROMAT          | Customer Refunds 300000689393-meter set up with wrong multiplier | 37,118.34 |
| STUART C IRBY CO INC          | 2,433 ft-Wire, Copper, 15kV, 750MCM Str, EPR, S                  | 37,078.92 |
| U S ALLIANCE GROUP            | September Credit Card Processing Fees                            | 36,919.71 |
| PEOPLES ENERGY COOPERATIVE (P | September 2018 Compensable 505009                                | 31,763.88 |
| MN DEPT OF COMMERCE           | Q2 FY 2018 Indirect Assessment                                   | 28,125.93 |
| ITRON INC                     | Itron maintenance 2018-2019                                      | 25,924.21 |
| CARLYLE JOHNSON MACHINE CO LL | Inspection/repair clutches GT2                                   | 25,186.00 |
| THINK MUTUAL BANK             | CIP Conserve & Save Rebates-Lighting                             | 25,162.41 |
| MAYO FOUNDATION               | CIP Conserve & Save Rebates-Lighting & VSD                       | 25,057.50 |
| CITY OF ROCHESTER             | Bituminous Street Repairs  | 22,338.08 |
| THE ENERGY AUTHORITY INC      | September TEA Resource Fee                                       | 22,076.26 |
| NEW ERA DEVELOPMENT THREE LLC | CIP Conserve & Save Rebates-cooling                              | 21,900.00 |
| GDS ASSOCIATES INC            | Nerc Gap Analysis  | 20,235.73 |
| HUNT ELECTRIC CORP            | Project Electrician WES  | 20,021.38 |
| CENTRAL MINNESOTA MUNICIPAL P | September 2018 Capacity Purchase                                 | 19,200.00 |
| BADGER METER INC (P)          | 120-HRE Badger M-25 100W Itron ERT Integral                      | 17,922.00 |

Attachment: AP Board List Current Month (9686 : A/P Board listing)

**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|    |                               |  |            |
|----|-------------------------------|--|------------|
| 44 | HDR ENGINEERING INC           | Water Main Analysis                                    | 15,539.51  |
| 45 | USIC LOCATING SERVICES INC    | 2018 Locating Services                                 | 15,447.44  |
| 46 | ALL SYSTEMS INSTALLATION dba  | S2 License 3-year renewal                              | 13,923.68  |
| 47 | ROWLAND WELL CO INC           | Seal and cap well # 37 - Merrihills                    | 13,882.50  |
| 48 | COMPUTER TASK GROUP INC       | Project Coordinator for Cayenta Project                | 13,680.00  |
| 49 | CENTURYLINK                   | 2018 Monthly Telecommunications                        | 13,645.75  |
| 50 | M.K. PAINTING INC             | Release of retention for Bandel Reservoir #90 re-paint | 13,100.00  |
| 51 | BLUESPIRE STRATEGIC MARKETING | 2016 - 2019 RPU Plugged In Contract                    | 13,072.00  |
| 52 | XYLO TECHNOLOGIES INC         | 2018 IT Helpdesk Support                               | 12,867.00  |
| 53 | STUART C IRBY CO INC          | 1-Trans, PM, 3ph, 500kVA, 13.8/8, 480/277              | 12,365.00  |
| 54 | CPMI INC                      | Service Center Project                                 | 11,150.00  |
| 55 | CHS ROCHESTER                 | September Fuel   | 10,266.01  |
| 56 | STUART C IRBY CO INC          | 2-Trans, PM, 3ph, 45kVA, 13.8/8, 208/120 Std           | 10,152.00  |
| 57 | PITNEY BOWES 10041747 RESERVE | 1004/10041747 Postage                                  | 10,000.00  |
| 58 | A & A ELECT & UNDERGROUND CON | Directional Boring and Related Services                | 9,105.00   |
| 59 | STUART C IRBY CO INC          | 12-Metal Sec. Encl, 3ph, 30"x67"x22" 200Amp            | 8,655.00   |
| 60 | EPLUS TECHNOLOGY INC          | 8-Power supply   | 8,588.00   |
| 61 | WESTSIDE ENERGY PARTNERS      | Release of retention for WES                           | 8,361.25   |
| 62 | RSP ARCHITECTS LTD.           | Service Center Project                                 | 8,316.00   |
| 63 | UTILITY ANALYTICS             | Membership 1 Year                                      | 7,990.00   |
| 64 | BRADEN MANUFACTURING LLC      | 60-Filter, Final Filter                                | 7,449.40   |
| 65 | WELLS FARGO BANK ACCT ANALYSI | 2018 Banking Services                                  | 7,438.40   |
| 66 | IHEART MEDIA dba              | Tips from Tony   | 6,996.00   |
| 67 | KATS EXCAVATING LLC           | Water SA service replacement 28 9th ST N               | 6,935.00   |
| 68 | MEDORA CORPORATION (P)        | GS-9-120V submersible electric mixer                   | 6,880.00   |
| 69 | NALCO COMPANY                 | 18-DI Vessels, Anion, CC                               | 6,444.56   |
| 70 | CITY OF ROCHESTER             | Quarterly Attorney Services                            | 6,250.00   |
| 71 | CREDIT MANAGEMENT LP          | 2018 Collections/Delinquent Services                   | 6,112.52   |
| 72 | BADGER METER INC (P)          | 1-Ultrasonic flow meter                                | 5,969.00   |
| 73 | N HARRIS COMPUTER CORP        | Cayenta Implementation Services                        | 5,760.00   |
| 74 | PROCESS MEASUREMENT CO        | 2018 Equipment calibration                             | 5,671.38   |
| 75 | EXPRESS SERVICES INC          | 2018 Seasonal staff facilities                         | 5,617.68   |
| 76 | SOLID WASTE OLMSTED COUNTY    | Electricity purchased by RPU                           | 5,551.05   |
| 77 | SCOTT PULHAM                  | CIP Conserve & Save Rebates-lighting                   | 5,480.75   |
| 78 | THE ENERGY AUTHORITY INC      | September Sales to TEA                                 | 5,367.52   |
| 79 | CHS ROCHESTER                 | September Fuel   | 5,312.47   |
| 80 | VERIZON WIRELESS              | 2018 Cell & Ipad Monthly Service                       | 5,244.47   |
| 81 | VIVID LEARNING SYSTEMS INC    | EWT and Utility CBT Courses                            | 5,236.88   |
| 82 | BARR ENGINEERING COMPANY (P)  | Hydro ISO Gates  | 5,000.00   |
| 83 |                               |  |            |
| 84 |                               | <b>Price Range Total:</b>                              | 935,784.93 |

**1,000 to 5,000 :**

Attachment: AP Board List Current Month (9686 : A/P Board listing)

**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|     |                               |  |          |
|-----|-------------------------------|--|----------|
| 88  | SITEONE LANDSCAPE SUPPLY LLC  | New Sprayer-grounds equipment                | 4,854.74 |
| 89  | BADGER METER INC (P)          | 120-Meter, Bare 5/8x3/4" Badger Disc         | 4,837.20 |
| 90  | D P C INDUSTRIES INC          | 2018 Carus 8500 Aqua Mag F35                 | 4,723.10 |
| 91  | POWER SYSTEMS ENGINEERING INC | Substation Siting Study                      | 4,648.00 |
| 92  | BADGER METER INC (P)          | 3-Meter, Bare 2" Badger Compound Round Flg   | 4,535.34 |
| 93  | EPLUS TECHNOLOGY INC          | 2-Transceiver module                         | 4,514.36 |
| 94  | WLN ENTERPRISE INC.           | Train the trainer NEC NFPA Workshop          | 4,400.00 |
| 95  | ACTION BATTERY WHOLESALERS IN | Hydro DC System Charger                      | 4,214.08 |
| 96  | WARTSILA NORTH AMERICA        | Westside Hydraulic Hoses                     | 4,179.56 |
| 97  | MINNESOTA ENERGY RESOURCES CO | August Gas for SLP                           | 4,111.08 |
| 98  | MASTEC NORTH AMERICA INC      | Country Club Rd Ditch Work                   | 4,003.20 |
| 99  | STUART C IRBY CO INC          | 20-Grd Sleeve, 1ph Trans., 37 x 43 x 15      | 3,990.00 |
| 100 | D P C INDUSTRIES INC          | 2018 Chlorine, 150 lb Cyl                    | 3,863.25 |
| 101 | D P C INDUSTRIES INC          | 2018 Hydrofluorosilicic Acid - Delivered     | 3,751.44 |
| 102 | BADGER PAINTING               | Labor for painting service center            | 3,744.00 |
| 103 | TWIN CITY SECURITY INC        | 2018 Security Services                       | 3,532.20 |
| 104 | BADGER METER INC (P)          | 48-Meter, Bare 3/4" Badger Disk              | 3,513.60 |
| 105 | VERTEX US HOLDINGS INC        | Consulting Services for Data Migration       | 3,361.80 |
| 106 | DAVEY TREE EXPERT CO          | Stump Grinding                               | 3,265.03 |
| 107 | EPLUS TECHNOLOGY INC          | 10-IP phone 8845                             | 3,248.80 |
| 108 | ELITE CARD PAYMENT CENTER     | Travel,RMingo, BMajerus,SAGE Course, Reg     | 3,243.75 |
| 109 | EXPRESS SERVICES INC          | 2018 Temp Staff Finance/Purchasing           | 3,230.48 |
| 110 | INNER TITE CORP               | 300-Meter, Jiffy Lock Side Mount             | 3,224.97 |
| 111 | STUART C IRBY CO INC          | 50-Arrester, 10kV, Dist, Elbow MOV           | 3,197.50 |
| 112 | CONSOLIDATED COMMUNICATIONS d | 17-19 Network and Collocation Services       | 3,176.97 |
| 113 | WERNER ELECTRIC SUPPLY        | 996-Lightbulb, 60W, LED                      | 3,125.75 |
| 114 | EASTBANK LOFTS                | CIP Conserve & Save Rebates                  | 3,075.00 |
| 115 | ASPLUNDH TREE EXPERT CO INC ( | 703C line clearance~                         | 3,032.31 |
| 116 | MINNESOTA ENERGY RESOURCES CO | August Gas at CC                             | 2,891.04 |
| 117 | BORDER STATES ELECTRIC SUPPLY | 120-Elbow, 15kV, 200A, LB,1/0 Sol,175-220Mil | 2,886.00 |
| 118 | BADGER METER INC (P)          | 3-3" turbo 450 hydrant meter                 | 2,850.00 |
| 119 | INNER TITE CORP               | 200-Meter Locking Ring, Rhino                | 2,827.14 |
| 120 | RESCO                         | 15-CT Bar Type 600/5 RITZ                    | 2,773.50 |
| 121 | RESCO                         | 24-CT Bar Type 600/5 Small Bar RITZ          | 2,760.00 |
| 122 | PITNEY BOWES GLOBAL FIN SVCS  | Insertor and Mailing System Lease            | 2,759.65 |
| 123 | NOVASPECT INC                 | Troubleshooting for WTE RO Fault             | 2,676.76 |
| 124 | ADVANCED DISPOSAL SVC SOLID W | 2018 Waste removal SC                        | 2,555.08 |
| 125 | VIKING ELECTRIC SUPPLY INC    | 1,760 ft-Conduit, PVC Sch 40, 3.00           | 2,521.38 |
| 126 | STUART C IRBY CO INC          | 4-Rubber Cover Up                            | 2,385.45 |
| 127 | EPLUS TECHNOLOGY INC          | 2019 Avocent maintenance                     | 2,379.35 |
| 128 | NETWORKFLEET INC              | 2018 Monthly Charge - GPS Fleet Tracking     | 2,368.15 |
| 115 | BARR ENGINEERING COMPANY (P)  | DNR Water Supply Plan                        | 2,313.50 |
| 116 | SOMA CONSTRUCTION INC         | Crushed concrete for break excavation ba     | 2,307.57 |
| 117 | STUART C IRBY CO INC          | 10,000 ft-Wire, Tracer, Orange, #12, CCS     | 2,200.00 |
| 118 | RESCO                         | 18-Junction, LB, 200A, 4 Pos, w/Strap        | 2,176.74 |

Attachment: AP Board List Current Month (9686 : A/P Board listing)

**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|     |                               |   |          |
|-----|-------------------------------|---|----------|
| 119 | NALCO COMPANY                 | 6-DI Vessels, Cation, CC                          | 2,148.19 |
| 120 | NALCO COMPANY                 | 6-DI Vessels, Mixed Bed, CC                       | 2,148.19 |
| 121 | BRADEN MANUFACTURING LLC      | 60-Filter, Pre Filter                             | 2,112.92 |
| 122 | INSTITUTE FOR ENVIRONMENTAL   | Manhole asbestos testing                          | 2,092.96 |
| 123 | VIKING ELECTRIC SUPPLY INC    | 500 roll-Tape, Vinyl, .750" x 66' 3M Super +66    | 2,057.34 |
| 124 | WESCO DISTRIBUTION INC        | 5,000-Meter Seal, Yellow Padlock                  | 2,053.55 |
| 125 | CORE & MAIN LP (P)            | 10-WB67 Breakoff Flange Kit, K528                 | 2,040.00 |
| 126 | SIEMENS DEMAG DELAVAL         | 2-Orifice, Recirc, #2 BFP                         | 2,037.04 |
| 127 | GDS ASSOCIATES INC            | MISO Attch O Consulting Service                   | 1,996.25 |
| 128 | OVERHEAD DOOR CO OF OLM CO DB | GNL-BP-Building Service Expenses                  | 1,980.00 |
| 129 | OPEN ACCESS TECHNOLOGY        | OATI Services                                     | 1,950.00 |
| 130 | ATLAS COPCO COMPRESSORS LLC   | 2-Filter Kit, UD310+ WS Air Dryer                 | 1,932.60 |
| 131 | BORDER STATES ELECTRIC SUPPLY | 10-Fault Indicator, Underground, Small            | 1,920.10 |
| 132 | CBG COMMUNICATIONS INC        | Small Cell Consulting                             | 1,907.50 |
| 133 | HAWK & SON'S INC              | Midtown substation                                | 1,825.00 |
| 134 | WERNER ELECTRIC SUPPLY        | 760 ft-Conduit, PVC Sch 40, 5.00, 20' length      | 1,817.43 |
| 135 | U S A SAFETY SUPPLY           | 72-Liners, Rubber Glove, Large                    | 1,776.01 |
| 136 | BOLTON AND MENK (P)           | Verizon Viola ROC017 Site Review~                 | 1,758.00 |
| 137 | POLLARDWATER                  | Hydrant Flushing Hose                             | 1,756.59 |
| 138 | RESCO                         | 25-Label, Warning, Secondary Ped. 25/PKG          | 1,723.36 |
| 139 | BROCK WHITE COMPANY LLC       | materials for damaged duct / SC                   | 1,644.11 |
| 140 | BAIER GERALD                  | 2018 Sweeping Services Jan-December               | 1,631.00 |
| 141 | McGRANN SHEA CARNIVAL STRAUGH | Data Practices review                             | 1,575.00 |
| 142 | STUART C IRBY CO INC          | 24-Pedestal Dome Cover, Box Style                 | 1,560.00 |
| 143 | WSB & ASSOCIATES              | Replat of Lot 3. Create addtl necessary           | 1,545.50 |
| 144 | GRAINGER INC                  | safety gates for cascade creek / MH               | 1,537.08 |
| 145 | SPRINGSTED INC                | Final Arbitrage Calc-2016A Bond Issue             | 1,500.00 |
| 146 | PLANNING DEPT OLMSTED COUNTY  | Type III Phase I Final Plat                       | 1,500.00 |
| 147 | AMARIL UNIFORM COMPANY        | 6-FR nomex unlined bibs                           | 1,494.00 |
| 148 | McGRANN SHEA CARNIVAL STRAUGH | DG Policy Review                                  | 1,487.50 |
| 149 | AMARIL UNIFORM COMPANY        | 8-Single-lined TT hooded zip sweatshirt           | 1,480.00 |
| 150 | BOLTON AND MENK (P)           | Verizon Apache Mall ROC010 Site Review~           | 1,446.00 |
| 151 | STUART C IRBY CO INC          | 24-Pedestal Base, Secondary, w/o Cover            | 1,440.00 |
| 152 | STUART C IRBY CO INC          | 36 pairs-Gloves, Leather Work, Hvy Duty, Large    | 1,415.88 |
| 153 | READY MIX CONCRETE COMPANY LL | Flowable fill for excavatoin backfill             | 1,404.00 |
| 154 | BADGER METER INC (P)          | 6-HRE Badger 2" T200 100W Itron ERT Integra       | 1,368.54 |
| 155 | FOUNDATION BUILDING MATERIALS | Customer Refunds 300000707281 wrong person billed | 1,365.25 |
| 156 | MIDCONTINENT ISO INC          | September MISO Billing                            | 1,355.28 |
| 157 | HOLY SPIRIT CATHOLIC CHURCH   | CIP Conserve & Save Rebates-Lighting              | 1,349.25 |
| 158 | KIEFER LOREN                  | CIP Conserve & Save Rebates-Geothermal            | 1,347.50 |
| 159 | U S A SAFETY SUPPLY           | 54-Liners, Rubber Glove, XL                       | 1,332.01 |
| 160 | XTREAM MACHINE SOLUTIONS LLC  | Tractor-Parts & Rental                            | 1,321.63 |
| 161 | MISSISSIPPI WELDERS SUPPLY CO | Westside Safety Equipment                         | 1,315.40 |
| 162 | ON SITE SANITATION INC        | 2018 Toilet Rental Services                       | 1,313.54 |

Attachment: AP Board List Current Month (9686 : A/P Board listing)



**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|     |                               |  |          |
|-----|-------------------------------|--|----------|
| 163 | BROCKMAN PEGGY                | Customer Refunds 300000562524 customer paid wrong amount | 1,300.60 |
| 164 | ELITE CARD PAYMENT CENTER     | Travel,ABasimamovic,HVAC Conf,Madison,Re                 | 1,295.00 |
| 165 | ELITE CARD PAYMENT CENTER     | Travel,JMason,HVAC Conf,Madison,Registra                 | 1,295.00 |
| 166 | FORBROOK LANDSCAPING SERVICES | 2018 Landscaping Svcs (Electric)                         | 1,290.00 |
| 167 | HALLBERG ENGINEERING INC      | CSC Commissioning Service                                | 1,282.65 |
| 168 | CITY OF ROCHESTER             | August 2018 WC Admin Fees                                | 1,282.00 |
| 169 | EPLUS TECHNOLOGY INC          | UC manager-10  | 1,268.07 |
| 170 | CANADIAN PACIFIC RAILWAY      | RR Crossing Application                                  | 1,250.00 |
| 171 | CITY OF ROCHESTER             | Sidewalk/Replacement/Repair 016982                       | 1,241.98 |
| 172 | POWER SYSTEMS ENGINEERING INC | Phase I Arc Flash Study                                  | 1,226.58 |
| 173 | McGRANN SHEA CARNIVAL STRAUGH | Service Territory  | 1,225.00 |
| 174 | AMARIL UNIFORM COMPANY        | 7-FR two-tone pullover sweatshirt                        | 1,225.00 |
| 175 | EXPRESS SERVICES INC          | 2018 Temp Staff Marketing (2)                            | 1,211.92 |
| 176 | SUNBELT RENTALS               | Westside Disconnect Relocation                           | 1,202.44 |
| 177 | ELITE CARD PAYMENT CENTER     | Travel,LScheel,ITRON,Scottsdale,Registra                 | 1,195.00 |
| 178 | STUART C IRBY CO INC          | 1-Trans, PM, 1ph, 25kVA, 13.8/8, 240/120                 | 1,195.00 |
| 179 | WARTSILA NORTH AMERICA        | 2-Service kit B XAW 120-150                              | 1,193.56 |
| 180 | STUART C IRBY CO INC          | 1-Trans, OH, 1ph, 37.5kVA,13.8/8,120/240                 | 1,188.00 |
| 181 | ROCHESTER ARMORED CAR CO INC  | 2018 Pick Up Services                                    | 1,187.24 |
| 182 | STUART C IRBY CO INC          | 3,150 ft-Wire, Copper, #6 SD Solid, Bare                 | 1,165.50 |
| 183 | CULVER COMPANY INC            | 500-Lineman Sticker Sheets for 2019 Home Sho             | 1,127.53 |
| 184 | BORDER STATES ELECTRIC SUPPLY | Spare lights and batteries                               | 1,111.50 |
| 185 | BORDER STATES ELECTRIC SUPPLY | 19-U-Guard, 5.0" x 10', Steel                            | 1,107.70 |
| 186 | MEDORA CORPORATION (P)        | GS series control box w/monitoring                       | 1,090.00 |
| 187 | ELITE CARD PAYMENT CENTER     | 2018 Water service for SLP                               | 1,037.87 |
| 188 | LENN JON                      | Travel, AWWA Conf, Duluth,MN, Lodging                    | 1,014.60 |
| 189 | CORE & MAIN LP (P)            | 10-Repair Clamp, SS 12LL 6.0                             | 1,001.00 |

**Price Range Total:** 256,201.06

**0 to 1,000 :**

|     |                               |                              |           |
|-----|-------------------------------|------------------------------|-----------|
| 195 | REBATES                       | Summarized transactions: 487 | 71,455.69 |
| 196 | EXPRESS SERVICES INC          | Summarized transactions: 27  | 19,296.42 |
| 197 | ELITE CARD PAYMENT CENTER     | Summarized transactions: 60  | 12,029.12 |
| 198 | AMARIL UNIFORM COMPANY        | Summarized transactions: 46  | 10,544.56 |
| 199 | STUART C IRBY CO INC          | Summarized transactions: 38  | 7,754.16  |
| 200 | Customer Refunds (CIS)        | Summarized transactions: 71  | 7,473.46  |
| 201 | CORE & MAIN LP (P)            | Summarized transactions: 19  | 5,737.62  |
| 202 | BOLTON AND MENK (P)           | Summarized transactions: 6   | 3,927.00  |
| 203 | CINTAS CORP                   | Summarized transactions: 20  | 3,251.56  |
| 204 | BORDER STATES ELECTRIC SUPPLY | Summarized transactions: 8   | 2,973.78  |
| 205 | INNOVATIVE OFFICE SOLUTIONS L | Summarized transactions: 17  | 2,744.65  |
| 206 | METRO SALES INC               | Summarized transactions: 5   | 2,732.61  |

Attachment: AP Board List Current Month (9686 : A/P Board listing)

**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|     |                               |                             |          |
|-----|-------------------------------|-----------------------------|----------|
| 207 | WARTSILA NORTH AMERICA        | Summarized transactions: 38 | 2,723.82 |
| 208 | FIRST CLASS PLUMBING & HEATIN | Summarized transactions: 9  | 2,269.18 |
| 209 | RESCO                         | Summarized transactions: 8  | 2,215.15 |
| 210 | DAKOTA SUPPLY GROUP           | Summarized transactions: 5  | 2,123.41 |
| 211 | CRESCENT ELECTRIC SUPPLY CO   | Summarized transactions: 34 | 2,110.23 |
| 212 | ADVANCE AUTO PARTS            | Summarized transactions: 26 | 2,108.31 |
| 213 | SUNBELT RENTALS               | Summarized transactions: 3  | 1,938.75 |
| 214 | WESCO DISTRIBUTION INC        | Summarized transactions: 15 | 1,802.00 |
| 215 | ASPLUNDH TREE EXPERT CO INC ( | Summarized transactions: 4  | 1,752.01 |
| 216 | GARCIA GRAPHICS INC           | Summarized transactions: 14 | 1,682.32 |
| 217 | MCNEILUS STEEL INC            | Summarized transactions: 4  | 1,577.58 |
| 218 | U S A SAFETY SUPPLY           | Summarized transactions: 15 | 1,531.87 |
| 219 | LAWSON PRODUCTS INC (P)       | Summarized transactions: 7  | 1,520.95 |
| 220 | BADGER METER INC (P)          | Summarized transactions: 11 | 1,460.17 |
| 221 | CLAREY'S SAFETY EQUIPMENT dba | Summarized transactions: 3  | 1,412.03 |
| 222 | DZUBAY TONY                   | Summarized transactions: 5  | 1,370.69 |
| 223 | KLAMERUS DOUG                 | Summarized transactions: 3  | 1,276.81 |
| 224 | GRAINGER INC                  | Summarized transactions: 15 | 1,272.09 |
| 225 | BARR ENGINEERING COMPANY (P)  | Summarized transactions: 3  | 1,207.00 |
| 226 | INTERSTATE MOTOR TRUCKS INC   | Summarized transactions: 2  | 1,186.28 |
| 227 | MCNEILUS STEEL INC            | Summarized transactions: 6  | 1,145.49 |
| 228 | GRAYBAR ELECTRIC COMPANY INC  | Summarized transactions: 8  | 1,137.82 |
| 229 | EPLUS TECHNOLOGY INC          | Summarized transactions: 3  | 1,124.15 |
| 230 | OSWEILER TODD                 | Summarized transactions: 3  | 1,110.15 |
| 231 | REBATES                       | Summarized transactions: 27 | 1,110.00 |
| 232 | WERNER ELECTRIC SUPPLY        | Summarized transactions: 9  | 1,106.28 |
| 233 | BIANCO ANDY                   | Summarized transactions: 3  | 1,098.56 |
| 234 | SOUND AND MEDIA SOLUTIONS     | Summarized transactions: 3  | 1,085.63 |
| 235 | FASTENAL COMPANY              | Summarized transactions: 23 | 1,069.24 |
| 236 | SUTTON JEREMY                 | Summarized transactions: 5  | 1,061.56 |
| 237 | FAST PHONE REPAIR LLC         | Summarized transactions: 3  | 1,049.99 |
| 238 | NU-TELECOM dba                | Summarized transactions: 2  | 1,000.67 |
| 239 | HAWKINS INC                   | Summarized transactions: 21 | 999.79   |
| 240 | OPEN ACCESS TECHNOLOGY        | Summarized transactions: 1  | 987.05   |
| 241 | CENTURYLINK                   | Summarized transactions: 3  | 984.54   |
| 242 | CLEMENTS CHEVROLET CADILLAC S | Summarized transactions: 6  | 953.38   |
| 243 | AMAZON.COM                    | Summarized transactions: 6  | 938.02   |
| 244 | VIKING ELECTRIC SUPPLY INC    | Summarized transactions: 14 | 920.88   |
| 245 | HY VEE                        | Summarized transactions: 3  | 900.99   |
| 246 | LEITZEN CONCRETE PRODUCTS INC | Summarized transactions: 1  | 900.00   |
| 247 | MAILE ENTERPRISES INC         | Summarized transactions: 2  | 898.11   |
| 248 | KEACH TODD                    | Summarized transactions: 3  | 885.48   |
| 249 | WARNING LITES OF MN INC (P)   | Summarized transactions: 2  | 866.23   |
| 250 | JIM WHITING NURSERY/GARDEN CT | Summarized transactions: 1  | 865.66   |
| 251 | HEIMER WILLIAM T              | Summarized transactions: 3  | 837.92   |

Attachment: AP Board List Current Month (9686 : A/P Board listing)

**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|     |                               |                             |        |
|-----|-------------------------------|-----------------------------|--------|
| 252 | GLEASON HUNTER                | Summarized transactions: 3  | 833.85 |
| 253 | TRUCKIN' AMERICA              | Summarized transactions: 3  | 830.41 |
| 254 | SEEME PRODUCTIONS LLC         | Summarized transactions: 2  | 830.00 |
| 255 | BENSON ANTHONY                | Summarized transactions: 3  | 808.63 |
| 256 | AUTHORIZE.NET                 | Summarized transactions: 1  | 805.10 |
| 257 | HALO BRANDED SOLUTIONS        | Summarized transactions: 2  | 792.15 |
| 258 | STEVE BENNING ELECTRIC        | Summarized transactions: 2  | 777.58 |
| 259 | ROCH SAND & GRAVEL INC        | Summarized transactions: 1  | 768.75 |
| 260 | RISCO PRODUCTS INC            | Summarized transactions: 3  | 763.17 |
| 261 | NALCO COMPANY                 | Summarized transactions: 6  | 733.23 |
| 262 | ATLAS COPCO COMPRESSORS LLC   | Summarized transactions: 3  | 722.85 |
| 263 | MODEM EXPRESS INC             | Summarized transactions: 2  | 720.00 |
| 264 | MEINERS TYLER J               | Summarized transactions: 3  | 712.58 |
| 265 | THE ENERGY AUTHORITY INC      | Summarized transactions: 1  | 699.98 |
| 266 | KOTSCHVAR MARK                | Summarized transactions: 5  | 699.05 |
| 267 | ITRON INC                     | Summarized transactions: 1  | 688.50 |
| 268 | ZEE MEDICAL SERVICE INC (P)   | Summarized transactions: 4  | 687.65 |
| 269 | KELLER AMERICA (P)            | Summarized transactions: 2  | 684.17 |
| 270 | ROOT RIVER HARDWOODS INC      | Summarized transactions: 2  | 670.38 |
| 271 | CERTIFIED POWER INC (P)       | Summarized transactions: 3  | 668.63 |
| 272 | HACH COMPANY                  | Summarized transactions: 2  | 668.07 |
| 273 | PETERSON CHAD                 | Summarized transactions: 2  | 656.58 |
| 274 | CENTURYLINK                   | Summarized transactions: 2  | 651.90 |
| 275 | CORE & MAIN LP (P)            | Summarized transactions: 4  | 631.35 |
| 276 | PAAPE ENERGY SERVICE INC      | Summarized transactions: 2  | 626.07 |
| 277 | CORPORATE WEB SERVICES INC    | Summarized transactions: 2  | 623.68 |
| 278 | ARROW ACE HARDWARE-ST PETER   | Summarized transactions: 9  | 616.36 |
| 279 | SCHUMACHER ELEVATOR COMPANY   | Summarized transactions: 1  | 600.00 |
| 280 | MCMASTER CARR SUPPLY COMPANY  | Summarized transactions: 12 | 588.69 |
| 281 | MEGGER (P)                    | Summarized transactions: 9  | 579.14 |
| 282 | GDS ASSOCIATES INC            | Summarized transactions: 1  | 575.00 |
| 283 | CINTAS CORP                   | Summarized transactions: 2  | 566.99 |
| 284 | DECOOK EXCAVATING INC         | Summarized transactions: 1  | 560.00 |
| 285 | READY MIX CONCRETE COMPANY LL | Summarized transactions: 1  | 555.75 |
| 286 | BASIMAMOVIC VEDRANA           | Summarized transactions: 2  | 544.50 |
| 287 | ALL SYSTEMS INSTALLATION dba  | Summarized transactions: 1  | 544.50 |
| 288 | FIRST SUPPLY (P)              | Summarized transactions: 4  | 543.07 |
| 289 | ELITE CARD PAYMENT CENTER     | Summarized transactions: 3  | 536.50 |
| 290 | ADVANCED DISPOSAL SVC SOLID W | Summarized transactions: 2  | 532.75 |
| 291 | CLAREY'S SAFETY EQUIPMENT dba | Summarized transactions: 1  | 525.00 |
| 292 | MENARDS ROCHESTER NORTH       | Summarized transactions: 6  | 521.63 |
| 293 | A T & T                       | Summarized transactions: 1  | 511.83 |
| 294 | TEREX UTILITIES INC           | Summarized transactions: 1  | 500.00 |
| 295 | REINDERS INC                  | Summarized transactions: 2  | 493.42 |
| 296 | BADGER PAINTING               | Summarized transactions: 1  | 480.00 |

Attachment: AP Board List Current Month (9686 : A/P Board listing)

**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|     |                               |                            |        |
|-----|-------------------------------|----------------------------|--------|
| 297 | SCHMIDT GOODMAN OFFICE PRODUC | Summarized transactions: 2 | 475.60 |
| 298 | MSC INDUSTRIAL SUPPLY CO INC  | Summarized transactions: 5 | 471.75 |
| 299 | JOHNSON CARY                  | Summarized transactions: 2 | 463.83 |
| 300 | AMERICAN PAYMENT CENTER       | Summarized transactions: 1 | 441.39 |
| 301 | PEOPLES ENERGY COOPERATIVE    | Summarized transactions: 2 | 436.35 |
| 302 | PLANNING DEPT OLMSTED COUNTY  | Summarized transactions: 1 | 422.00 |
| 303 | NORTHERN / BLUETARP FINANCIAL | Summarized transactions: 7 | 399.26 |
| 304 | MISSISSIPPI WELDERS SUPPLY CO | Summarized transactions: 3 | 397.90 |
| 305 | FORBROOK LANDSCAPING SERVICES | Summarized transactions: 1 | 394.04 |
| 306 | HUSKIE TOOLS INC              | Summarized transactions: 3 | 389.70 |
| 307 | MOTOPROZ INC                  | Summarized transactions: 1 | 377.74 |
| 308 | KELLER TOM A JR               | Summarized transactions: 2 | 353.96 |
| 309 | NETWORK SERVICES COMPANY      | Summarized transactions: 4 | 324.41 |
| 310 | KAUTZ TRAILER SALES dba       | Summarized transactions: 1 | 320.63 |
| 311 | SHERWIN WILLIAMS CO           | Summarized transactions: 4 | 319.60 |
| 312 | NORTHERN / BLUETARP FINANCIAL | Summarized transactions: 5 | 311.89 |
| 313 | CARLYLE JOHNSON MACHINE CO LL | Summarized transactions: 1 | 309.41 |
| 314 | DAKOTA SUPPLY GROUP           | Summarized transactions: 5 | 308.58 |
| 315 | COOKE ROBERT                  | Summarized transactions: 4 | 304.99 |
| 316 | SAFELITE FULFILLMENT INC      | Summarized transactions: 3 | 304.98 |
| 317 | PEOPLES ENERGY COOPERATIVE    | Summarized transactions: 1 | 302.83 |
| 318 | MINNESOTA ENERGY RESOURCES CO | Summarized transactions: 4 | 299.08 |
| 319 | ROCH PLUMBING & HEATING CO IN | Summarized transactions: 1 | 295.73 |
| 320 | PHENOVA INC                   | Summarized transactions: 3 | 290.40 |
| 321 | DAVE SYVERSON TRUCK CENTER IN | Summarized transactions: 2 | 288.61 |
| 322 | RONCO ENGINEERING SALES INC   | Summarized transactions: 4 | 281.80 |
| 323 | MISSISSIPPI WELDERS SUPPLY CO | Summarized transactions: 4 | 271.44 |
| 324 | BAUER BUILT INC (P)           | Summarized transactions: 3 | 265.81 |
| 325 | BIERBAUM DIRK                 | Summarized transactions: 2 | 262.47 |
| 326 | HATHAWAY TREE SERVICE INC     | Summarized transactions: 2 | 260.00 |
| 327 | FRONTIER                      | Summarized transactions: 1 | 259.32 |
| 328 | ALL SEASONS POWER & SPORT INC | Summarized transactions: 7 | 258.80 |
| 329 | REINDERS INC                  | Summarized transactions: 1 | 256.47 |
| 330 | BROBST BEN                    | Summarized transactions: 2 | 253.68 |
| 331 | NYHUS STEVE                   | Summarized transactions: 2 | 251.18 |
| 332 | BEHRENS MATT                  | Summarized transactions: 2 | 250.50 |
| 333 | POST BULLETIN CO              | Summarized transactions: 1 | 246.48 |
| 334 | LANGUAGE LINE SERVICES INC    | Summarized transactions: 1 | 240.45 |
| 335 | GOODIN COMPANY                | Summarized transactions: 6 | 232.46 |
| 336 | DAVIES PRINTING COMPANY INC   | Summarized transactions: 2 | 213.75 |
| 337 | SCHUMACHER EXCAVATING INC.    | Summarized transactions: 1 | 205.50 |
| 338 | POWER SYSTEMS ENGINEERING INC | Summarized transactions: 1 | 201.50 |
| 339 | PROPERTY RECORDS OLMSTED COUN | Summarized transactions: 1 | 200.00 |
| 340 | MASON JOSH                    | Summarized transactions: 1 | 199.50 |
| 341 | LENN JON                      | Summarized transactions: 1 | 199.50 |

Attachment: AP Board List Current Month (9686 : A/P Board listing)

**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|     |                               |                            |        |
|-----|-------------------------------|----------------------------|--------|
| 342 | FITCH NICK                    | Summarized transactions: 1 | 199.50 |
| 343 | HOVDEN ADAM                   | Summarized transactions: 1 | 199.50 |
| 344 | CITY OF ROCHESTER             | Summarized transactions: 2 | 196.54 |
| 345 | G A ERNST & ASSOCIATES INC    | Summarized transactions: 2 | 194.05 |
| 346 | ACTION BATTERY WHOLESALERS IN | Summarized transactions: 1 | 189.57 |
| 347 | POLLARDWATER                  | Summarized transactions: 3 | 184.34 |
| 348 | O' NEIL PATRICK               | Summarized transactions: 2 | 180.24 |
| 349 | McGRANN SHEA CARNIVAL STRAUGH | Summarized transactions: 1 | 175.00 |
| 350 | LUHMANN ABE                   | Summarized transactions: 2 | 169.50 |
| 351 | TRENCHERS PLUS INC            | Summarized transactions: 2 | 168.29 |
| 352 | THOMAS TOOL & SUPPLY INC      | Summarized transactions: 8 | 167.71 |
| 353 | FEDEX SHIPPING                | Summarized transactions: 5 | 165.87 |
| 354 | WEBB COLLIN                   | Summarized transactions: 1 | 162.18 |
| 355 | CHARTER COMMUNICATIONS HOLDIN | Summarized transactions: 2 | 161.12 |
| 356 | ALTEC INDUSTRIES INC          | Summarized transactions: 2 | 160.61 |
| 357 | GOPHER SEPTIC SERVICE INC     | Summarized transactions: 1 | 150.00 |
| 358 | CAREER FOR ENERGY             | Summarized transactions: 1 | 147.49 |
| 359 | XTREAM MACHINE SOLUTIONS LLC  | Summarized transactions: 2 | 144.94 |
| 360 | FLEETPRIDE INC                | Summarized transactions: 3 | 133.09 |
| 361 | R D O - POWERPLAN OIB         | Summarized transactions: 1 | 128.21 |
| 362 | CUSTOM COMMUNICATIONS INC     | Summarized transactions: 3 | 114.51 |
| 363 | ON SITE SANITATION INC        | Summarized transactions: 2 | 112.23 |
| 364 | POMPS TIRE SERVICE INC        | Summarized transactions: 1 | 111.15 |
| 365 | ALTERNATIVE TECHNOLOGIES INC  | Summarized transactions: 1 | 110.00 |
| 366 | VERIZON WIRELESS              | Summarized transactions: 1 | 109.56 |
| 367 | SNAP ON INDUSTRIAL            | Summarized transactions: 1 | 107.40 |
| 368 | VANCO SERVICES LLC            | Summarized transactions: 1 | 104.48 |
| 369 | LORTON DATA INC               | Summarized transactions: 1 | 94.48  |
| 370 | CREDIT MANAGEMENT LP          | Summarized transactions: 2 | 89.97  |
| 371 | SLEEPY EYE TELEPHONE CO       | Summarized transactions: 1 | 84.76  |
| 372 | A T & T MOBILITY              | Summarized transactions: 2 | 84.48  |
| 373 | MEDORA CORPORATION (P)        | Summarized transactions: 1 | 80.00  |
| 374 | ARNOLDS SUPPLY & KLEENIT CO ( | Summarized transactions: 2 | 75.61  |
| 375 | C & N UPHOLSTERY              | Summarized transactions: 1 | 75.00  |
| 376 | USA BLUE BOOK DBA             | Summarized transactions: 4 | 74.60  |
| 377 | WABASHA IMPLEMENT             | Summarized transactions: 1 | 70.22  |
| 378 | NICKELS SCOTT                 | Summarized transactions: 1 | 70.12  |
| 379 | CULVER COMPANY INC            | Summarized transactions: 1 | 69.31  |
| 380 | K & S HEATING & AIR COND INC  | Summarized transactions: 1 | 67.70  |
| 381 | GOODIN COMPANY                | Summarized transactions: 2 | 65.87  |
| 382 | GREAT RIVER ENERGY            | Summarized transactions: 1 | 64.53  |
| 383 | AIRGAS SAFETY INC             | Summarized transactions: 3 | 63.15  |
| 384 | SANCO EQUIPMENT LLC           | Summarized transactions: 1 | 62.79  |
| 385 | INNER TITE CORP               | Summarized transactions: 2 | 61.14  |
| 386 | STAR TRIBUNE                  | Summarized transactions: 1 | 49.27  |

Attachment: AP Board List Current Month (9686 : A/P Board listing)



**ROCHESTER PUBLIC UTILITIES**  
**A/P Board Listing By Dollar Range**  
For 09/13/2018 To 10/09/2018  
**Consolidated & Summarized Below 1,000**

|     |                               |                            |               |
|-----|-------------------------------|----------------------------|---------------|
| 387 | ADAMSON ROBERT                | Summarized transactions: 1 | 45.55         |
| 388 | ADAMSON MOTORS INC            | Summarized transactions: 1 | 44.84         |
| 389 | ULINE                         | Summarized transactions: 3 | 43.89         |
| 390 | GRINHAUG CHAD                 | Summarized transactions: 1 | 42.04         |
| 391 | PROCESS MEASUREMENT CO        | Summarized transactions: 1 | 39.59         |
| 392 | TIMMERMAN LEE M               | Summarized transactions: 1 | 38.63         |
| 393 | BATTERIES PLUS                | Summarized transactions: 1 | 38.35         |
| 394 | CLARK CHAD                    | Summarized transactions: 1 | 37.89         |
| 395 | GARCIA GRAPHICS INC           | Summarized transactions: 1 | 37.50         |
| 396 | FEDEX SHIPPING                | Summarized transactions: 2 | 33.59         |
| 397 | OLSON BJORN                   | Summarized transactions: 1 | 31.43         |
| 398 | BOWMANS SAFE & LOCK SHOP LTD  | Summarized transactions: 2 | 31.26         |
| 399 | MENARDS ROCHESTER SOUTH       | Summarized transactions: 1 | 30.90         |
| 400 | ROCH HUMAN RESOURCES ASSOCIAT | Summarized transactions: 2 | 30.00         |
| 401 | NELSON TODD J                 | Summarized transactions: 1 | 30.00         |
| 402 | MCDOWELL SEAN W               | Summarized transactions: 1 | 28.71         |
| 403 | RONCO ENGINEERING SALES INC   | Summarized transactions: 1 | 28.22         |
| 404 | SITEONE LANDSCAPE SUPPLY LLC  | Summarized transactions: 1 | 26.72         |
| 405 | MINNESOTA ENERGY RESOURCES CO | Summarized transactions: 1 | 26.72         |
| 406 | BLEVINS JAN                   | Summarized transactions: 1 | 20.00         |
| 407 | T E C INDUSTRIAL INC          | Summarized transactions: 2 | 19.72         |
| 408 | MENARDS ROCHESTER SOUTH       | Summarized transactions: 1 | 18.16         |
| 409 | FREUND ROBERT T               | Summarized transactions: 1 | 16.22         |
| 410 | NUSS TRUCKS OF ROCHESTER INC  | Summarized transactions: 1 | 12.99         |
| 411 | ARROW ACE HARDWARE-ST PETER   | Summarized transactions: 1 | 8.48          |
| 412 | O'REILLY AUTO PARTS           | Summarized transactions: 1 | 3.33          |
| 413 | MENARDS ROCHESTER NORTH       | Summarized transactions: 1 | 1.94          |
| 414 |                               |                            |               |
| 415 |                               | <b>Price Range Total:</b>  | 258,660.33    |
| 416 |                               | <b>Grand Total:</b>        | 13,525,388.91 |

Attachment: AP Board List Current Month (9686 : A/P Board listing)



## FOR BOARD ACTION

Agenda Item # (ID # 9676)

Meeting Date: 10/30/2018

---

**SUBJECT: Revocable Permit, HWY 52S Jaguar Communication**

---

**PREPARED BY: Steve Cook**

---

ITEM DESCRIPTION:

Jaguar Communication has approached RPU about allowing Jaguar to use an existing unused conduit crossing under HWY 52 near 20th Street SW in exchange for usage of two dark fibers between a location near 25th Street South and Broadway Avenue and two RPU water towers located in the Willow Heights and Willow Ridge area of SW Rochester. This is an exchange of the usage of approximately 500 ft. of conduit and associated vaults for approximately 11,500 ft. of two strands of dark fiber.

UTILITY BOARD ACTION REQUESTED:

Staff recommends the board approve a resolution authorizing the Mayor and City Clerk to execute this revocable permit subject to final review by the General Manager and City Attorney.

## REVOCABLE PERMIT AGREEMENT

THIS REVOCABLE PERMIT AGREEMENT (this “Agreement”) made this \_\_\_\_\_, between the **CITY OF ROCHESTER**, a Minnesota municipal corporation, acting by and through its Public Utility Board, hereinafter referred to as “City”, and **JAGUAR COMMUNICATIONS, INC.**, a Minnesota corporation, hereinafter referred to as “Jaguar.”

### WITNESSETH THAT:

WHEREAS, City owns conduit installed across Hwy. 52 at the location depicted on the attached EXHIBIT A (hereinafter known as the Conduit); and

WHEREAS, Jaguar provides communications system services in numerous buildings in the area and would like to run fiber optic cables through the conduit; and

WHEREAS, the City is willing to grant this revocable permit upon the terms and conditions contained herein, which terms and conditions apply to Jaguar, its successors and assigns.

NOW, THEREFORE, IT IS MUTUALLY AGREED by the City and Jaguar as follows:

1. Subject to Jaguar's full compliance with the terms of this Agreement, City consents to the placement of fiber optic cables in the Conduit, all as depicted on the attached Exhibit A. Jaguar shall meet with City staff prior to installation to confirm the installation location. In exchange for this permit, Jaguar shall allow the City to have exclusive use of two strands of dark fiber at the route depicted in Exhibit B.

2. Jaguar shall perform all work and bear all costs associated with the installation, maintenance and repair of the conduit and fiber. Any maintenance, additions and/or alterations/modifications to the Conduit shall be approved by the City and coordinated with Rochester Public Utilities prior to commencement of work activity.

3. In the event that damage may occur to City facilities as a result of said fiber being placed, Jaguar shall make immediate repairs and bear all costs of City ordered repairs.

4. Jaguar shall hold City harmless and must defend and indemnify City for any and all damages, or from any and all claims or causes of action made by any party resulting from Jaguar's use

of City's Conduit under the grant of authority contained herein or resulting from City's decision to revoke this permit.

5. This permit is for the installation of fiber in the specific area referenced herein. No additional conduit or fiber may be placed within other areas of City property without an additional permit or amendment to this permit.

6. Jaguar shall ensure that the use and maintenance of the fiber shall be in accordance with all applicable City codes and other provisions of law.

7. This revocable permit is not intended to be for any specific period of time, and either party may terminate it upon two years' written notice to the other party. If demand for removal has been made by the City and the fiber is not removed, the fiber shall be deemed the property of City and City may proceed to remove all or a part thereof without liability for damages to Jaguar. Jaguar shall not receive any prescriptive rights by this grant, nor shall it seek or be entitled to any relocation costs or other damages from City for removal of the fiber lines.

8. Jaguar shall be responsible for its own acts and omission and the results thereof resulting from Jaguar's use of the City's Conduit under the grant of authority contained herein.

9. By executing this Agreement, Jaguar acknowledges it: (a) enters into and executes this Agreement knowingly, voluntarily and willingly of its own volition with such consultation with legal counsel as it deems appropriate; (b) has had a sufficient amount of time to consider this Agreement's terms and conditions, and to consult an attorney before signing this Agreement; (c) has read this Agreement, understands all of its terms, appreciates the significance of those terms and has made the decision to accept them as stated herein; and (d) has not relied upon any representation or statement not set forth herein. Both parties wish to avoid any development or administrative delays associated with a legal challenge to any of the terms of this Agreement. As such, both parties agree that they will not challenge the legality of any term or condition found within this Agreement and specifically waives any and all legal objections they may have to any such term or condition. Notwithstanding any

provision in this Agreement to the contrary, this clause will survive the termination or expiration of this Agreement.

11. The parties agree that if any term or provision of this contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular term or provision held to be invalid.

12. This Revocable Permit and Agreement shall be construed and interpreted under the laws of the State of Minnesota.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed on the day and year first above written.

**JAGUAR COMMUNICATIONS, INC.**

\_\_\_\_\_  
Jack Briggs, Chief Financial Officer

**CITY OF ROCHESTER**

\_\_\_\_\_  
Ardell Brede, Mayor

Attest

\_\_\_\_\_  
Anissa Hollingshead, City Clerk

Approved as to

Form \_\_\_\_\_

Dave Goslee, Deputy City Attorney

**ROCHESTER PUBLIC UTILITIES**

\_\_\_\_\_  
Mark Kotschevar, General Manager



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, authorizes the Mayor and City Clerk to execute a Revocable Permit with Jaguar Communications subject to final review by the General Manager and City Attorney,

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of October, 2018.

---

President

---

Secretary

## FOR BOARD ACTION

Agenda Item # (ID # 9681)

Meeting Date: 10/30/2018

---

**SUBJECT: Risk Property, General Liability and Automotive Insurance Renewals for 2018**

---

**PREPARED BY: Deb Donahue**

---

**ITEM DESCRIPTION:**

Listed below are the recommended insurance quotations for obtaining all risk property insurance, general liability and automotive insurance for the period November 1, 2018 - October 31, 2019.

**ALL RISK PROPERTY INSURANCE:**

Quotes are based on current policy limits of \$250 million. The deductibles remain the same at \$100,000 for property and transformers and a range on the turbine generators from \$250,000 to \$400,000. Management is recommending property coverage with Wortham Insurance through ARGUS, a public utility specific purchasing group. This policy does not yet include updates to the Service Center, which will be added when construction is complete:

|             | <u>PROPERTY VALUE</u> | <u>PREMIUM</u>    |
|-------------|-----------------------|-------------------|
| 2015        | \$ 404,940,221        | \$ 452,154        |
| 2016        | \$ 416,300,508        | \$ 394,140        |
| 2017        | \$ 253,368,823        | \$ 244,566        |
| 2018        | \$ 329,623,351        | \$ 271,817        |
| <b>2019</b> | <b>\$ 337,215,818</b> | <b>\$ 299,408</b> |

**LIABILITY AND COMMERCIAL AUTO INSURANCE:**

Management recommends maintaining the same structure of coverage for liability and auto insurance, having the League of MN Cities Insurance Trust (LMCIT) provide the primary



## FOR BOARD ACTION

**Agenda Item #      (ID # 9681)**

**Meeting Date: 10/30/2018**

---

coverage up to \$1.5 million for claims in accordance with Minnesota statutory limits. The annual aggregate deductible remains at \$50,000 with \$25,000 per occurrence for all lines.

This policy also provides cyber protection or Data Security Breach coverage.

Claims that fall within this definition are subject to a \$3 million aggregate limit for overall liability and \$500,000 for first-party data expenses. There is also a \$1 million sublimit for data restoration and a \$1 million terrorist activity sublimit.

Management also recommends maintaining AEGIS to provide blanket liability coverage with limits from \$ 1,000,000 up to \$ 20,000,000. Last year we also added the optional terrorism liability coverage of \$20M.

|             | <u>LMCIT</u>      | <u>AEGIS</u>      |
|-------------|-------------------|-------------------|
| 2015        | \$ 113,661        | \$ 274,899        |
| 2016        | \$ 125,133        | \$ 286,000        |
| 2017        | \$ 131,616        | \$ 291,023        |
| 2018        | \$ 131,500        | \$ 300,255        |
| <b>2019</b> | <b>\$ 138,180</b> | <b>\$ 307,353</b> |

**UTILITY BOARD ACTION REQUESTED:**

Management recommends that the Board approve the attached resolutions for property and liability insurance for 2018-19.



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Wortham Insurance/ARGUS and authorize the Mayor and the City Clerk to execute the agreement for

### ALL RISK PROPERTY INSURANCE

The insurance agreement to be for a twelve month policy period commencing November 1, 2018, and expiring October 31, 2019.

The amount of the contract agreement not to exceed TWO HUNDRED NINETY-NINE THOUSAND FOUR HUNDRED EIGHT AND 00/100 DOLLARS (\$299,408.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30<sup>th</sup> day of October, 2018.

---

President

---

Secretary



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with the League of Minnesota Cities Insurance Trust and that authorize the Mayor and the City Clerk to execute the agreement for

### COMMERCIAL AUTOMOBILE AND GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing November 1, 2018, and expiring October 31, 2019.

The amount of the contract agreement not to exceed ONE HUNDRED THIRTY-EIGHT THOUSAND ONE HUNDRED EIGHTY AND 00/100 DOLLARS (\$138,180.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30<sup>th</sup> day of October, 2018.

---

President

---

Secretary



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Associated Electric and Gas Insurance Services, Ltd. (AEGIS) and authorize the Mayor and the City Clerk to execute the agreement for

### EXCESS GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing November 1, 2018, and expiring October 31, 2019.

The amount of the contract agreement not to exceed THREE HUNDRED SEVEN THOUSAND THREE HUNDRED FIFTY-THREE AND 00/100 DOLLARS (\$307,353.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30<sup>th</sup> day of October, 2018.

---

President

---

Secretary

## FOR BOARD ACTION

Agenda Item # (ID # 9668)

Meeting Date: 10/30/2018

---

**SUBJECT: Electric Service Territory Agreement**

---

**PREPARED BY: Mark Kotschevar**

---

**ITEM DESCRIPTION:**

Under Minnesota law, municipal utilities have the right to acquire the electric service rights to areas annexed into the City. The law stipulates the municipal utility must compensate the displaced utility if it exercises its' right to acquire the service territory. Compensation can be determined either through mutual agreement or by the Minnesota Public Utilities Commission if the parties cannot agree. Our last electric service territory agreement with People's Energy Cooperative (PEC) was executed in 2008 and was canceled by PEC beginning 2013. We have been negotiating with Peoples since 2012 and now have reached an agreement. The basic terms of the agreement are as follows:

Term: 2013 - 2023, with automatic renewal thereafter unless terminated.

Compensation: 25.5 mills (\$0.0255) per kilowatt-hour, escalated annually using CPI.

Comp Period: 10 years maximum, beginning with first permanent meter in annexations  
less than 40 acres and first permanent meter in each plat for annexations  
greater than 40 acres.

A copy of the agreement is attached for your review. The only substantial change from the old agreement is the mill rate compensation. In our past agreement compensation ranged from 15 (\$0.015) mills to 16.79 (\$0.01679) mills depending on the year the new service was installed. Services installed in annexations covered under this old agreement will continue to be compensated based on the old agreement. This new agreement will apply to services installed in annexations occurring after Jan 1, 2013. Staff supports the approval of this agreement to avoid ongoing future litigation and provide for the efficient extension of service to new areas.

Our City Attorney, Jason Loos, along with Kaela Brennen, our outside service territory counsel, have been involved in the negotiations and also support approval.

PEC's Board of Directors has approved this agreement at their September board meeting.

## FOR BOARD ACTION

Agenda Item # (ID # 9668)

Meeting Date: 10/30/2018

---

UTILITY BOARD ACTION REQUESTED:

Approval of the Agreement for Transfer of Service Territory Rights between The City of Rochester and People's Energy Cooperative Services.



**AGREEMENT FOR TRANSFER OF SERVICE TERRITORY RIGHTS  
BETWEEN  
THE CITY OF ROCHESTER AND PEOPLE'S COOPERATIVE SERVICES**

This agreement, made and entered into as of the 1st day of October, 2018, by and between the City of Rochester, a Minnesota municipal corporation, acting by and through its Utility Board, ("City"), and People's Cooperative Services ("People's"), individually or collectively referred to as a "Party" or "Parties."

**WHEREAS**, the City has the right under Minn. Stat. Chapter 216B to acquire service territory rights, facilities, and customers of People's after annexation of portions of People's assigned service territory and has determined that it is in the best interests of City residents and the City's electric utility that the municipal utility serve such annexed territories; and

**WHEREAS**, People's prefers not to transfer such assets, customers, or rights and is willing to continue serving within such territories even after annexation and to pay a franchise fee to the City in an amount equal to Rochester Public Utilities' payment in lieu of taxes contribution to the City's General Fund; and

**WHEREAS**, the Parties have negotiated a mutual settlement and wish to avoid ongoing future litigation regarding compensation for such rights, facilities, and customers through execution of this extended-term agreement that is intended to benefit the customers of both Parties, allowing the Parties to focus on areas of mutual interest and obligation that should lead to various synergies and efficiencies in the provision of utility services to the area at large; and

**NOW, THEREFORE, THE PARTIES** desire to enter into this Agreement for Transfer of Service Territory Rights ("Agreement") establishing the terms and compensation for municipal acquisition of service rights to the Annexed Areas (as later defined herein) during the term of this Agreement.

**1. TERM OF SERVICE:**

1.1 This Agreement shall remain in effect through December 31, 2023, and thereafter shall automatically renew for additional one-year periods; provided however, that this Agreement may be terminated, with such termination effective the calendar year following the year in which the notice was provided, as follows:

(a) on or after January 1, 2022, either Party may provide written notice of termination; or

(b) if Minnesota law establishes a statewide electric service territory compensation formula or regulatory scheme with specific economic terms before January 1, 2022, that is viewed by either Party as preferable to this Agreement, then either Party may provide written notice of termination at any time after the effective date of such law.

## 2. TRANSFER OF SERVICE RIGHTS:

2.1. During the period of January 1, 2013, through September 30, 2018, the City has annexed certain areas (as further depicted in Exhibit A) into the City limits that are located within the assigned electric service territory of People's. From time to time during the term of this Agreement, the City may (1) extend its corporate boundaries through annexation, consolidation, incorporation, merger, or other lawful addition (collectively "Annexation"), or (2) extend its assigned electric service territory within its existing corporate boundaries ("Extension"). If the area that is the subject of the Annexation or Extension (each, an "Affected Area") is located within the assigned electric service territory of People's, the date of transfer specified in Sections 2.2 and 2.3 shall govern.

2.2. For the Affected Areas depicted in Exhibit A (covering Annexations from January 1, 2013, through September 30, 2018), the exclusive right and obligation to provide permanent electric service shall automatically transfer to the City upon the earlier of action by the Minnesota Public Utilities Commission ("MPUC") under Article 6 and Rural Utilities Services (RUS) action under Article 7 or mutual agreement of the Parties, including any interim service or other agreement of the Parties.

2.3. For all Annexed Areas annexed into the City after September 30, 2018, the City shall have the exclusive right to provide permanent electric service on the date of annexation approval by the Minnesota Office of Administrative Hearings/Municipal Boundaries Adjustments (collectively, the transfer rights in Sections 2.2 and 2.3 are referred to as the "Transfer Date").

2.4. Within eight (8) months following the Transfer Date of any Annexed Area containing customers served by People's, the City shall extend electric service to that Annexed Area unless the Parties mutually agree to an alternative written schedule. In any Annexed Area already being served by People's as of the Transfer Date, People's will provide electric service to any existing and additional third parties within that area until the City determines that the City can efficiently extend service or is prepared to transfer the area and so notifies People's.

## 3. COMPENSATION:

As settlement payment and in consideration of the covenants, releases and representations made by People's herein, City agrees to make the following payments to People's, subject to Article 5:

3.1 The City shall pay People's for the depreciated cost of electric distribution facilities which will no longer be used by People's following the transfer of acquired services, excluding transformers and meters which will be returned by the City to People's designated storage yard. Facilities installed within 12 months of the Transfer Date will be valued at full original installed cost with no depreciation applied. Payment of undisputed invoices shall be made within 30 days of receipt of the invoice or as agreed to in writing by both parties. Any facilities that the City acquires from People's under this Agreement, unless mutually agreed by the Parties in writing, shall be acquired on an AS IS basis and without warranty or representation relating to their condition, design, or compliance with NESC (National Electric Safety Code). The City shall indemnify and hold People's harmless against all claims for loss, injury or damage of any kind, including reasonable attorney's fees, that directly and solely arise from the condition, maintenance, or operation of the transferred facilities, including abandoned cable.

3.2 The City shall pay People's for the reasonable cost of system improvements required to reintegrate People's distribution system when continuity, quality, and/or reliability of service to People's remaining customers is impacted by the transfer of electric service. Payment of undisputed invoices shall be made within 30 days of receipt of the invoice or as agreed to in writing by both parties.

3.3 The City shall make monthly payments to People's based upon retail energy sales billed by the City during the previous calendar month to customers in Annexed Area(s) using a mill rate per kilowatt-hour for compensable sales. For the period January 1, 2013, to December 31, 2018, the mill rate is set at twenty-five and one half (25.5) mills (\$0.0255) per kilowatt-hour for compensable sales, before adjustment according to Section 3.4. Monthly payments shall start (a) with respect to transfers under Section 4.1, on the first day of the month following the last customer transfer in that Annexed Area, or (b) with respect to transfers under Section 4.2, on the first day of the month following the installation of the applicable permanent meter.

3.4 The mill rate specified in Section 3.3 will be indexed on an annual basis beginning January 1, 2019. The index will be calculated as follows: using the percentage change in the first published value by the United States Government of the annual Consumer Price Index (CPI)- All Urban Consumers-Midwest-All Items of the just-ended year divided by the first published value of the previous year, rounded to two decimal places. Adjustments in the mill rate will be made to the

rounded value and will not exceed +/- 6.0% in any one year. The Parties agree to negotiate subsequent CPI increases following a year that the CPI increased or decreased more than 6.0%.

Indexed values, are specified in Exhibit B. The appropriate indexed mill rate will apply pursuant to Article 4.

3.5 For Annexations that occurred from January 1, 2013, to September 30, 2018, the mill rate payments of 25.5 mills (\$0.0255) per kilowatt-hour will begin as of the City's first date of service to an Annexed Area and conclude on the ten-year anniversary of that date. The Parties shall agree to a lump-sum payment for any amounts owing as of the effective date of this Agreement.

3.6 For annual sales in excess of 15 gigawatt-hours to a single customer, the mill rate will be reduced by 50% for such sales over 15 gigawatt-hours. Aggregated loads (such as a mall) are excluded from this reduction.

3.7 Non-metered services (such as street lights, cable amplifiers, emergency sirens, etc.) will be compensated in a lump sum amount which will be calculated over a ten-year period applying the kilowatt-hour billing basis used by the City at the indexed mill rate applicable to the year the service is added. These lump sum payments will be made in January for the additions of such services in the previous calendar year.

3.8 The City will furnish an electronic file with each mill rate payment providing the supporting customer and sales data used in the calculations. People's acknowledges that the City is subject to the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 (the "Act") and that customer data is protected from public access and disclosure under the Act. People's agrees that any protected data that it receives pursuant to this Agreement shall be used only for the purposes contemplated in this Agreement, shall be reviewed only by those persons required to do so on its behalf, and shall be kept confidential and in conformance with all state and federal laws relating to data privacy. People's will require that all employees, agents, or subconsultants who receive or review protected data comply with this Section and the Act.

3.9 People's will provide customer and other data for existing services and facilities transferred to the City. City acknowledges that People's is subject to federal and state data privacy laws and that customer data is protected from public access under those laws, as well as under the Act once received by the City. City agrees that any protected data that it receives pursuant to this Agreement shall be used only for the purposes contemplated in this Agreement, shall be reviewed only by those persons required to do so on its behalf, and shall be kept confidential and in

conformance with all state and federal laws relating to data privacy. City will require that all employees, agents, or subconsultants who receive or review protected data comply with this Section and all applicable laws.

3.10 Any lump sum payments to People's will, when requested by People's, be made in annual installments, over a period of years determined by People's, accruing simple interest per annum at 5.0%.

3.11 Except as provided in this Article 3, no other payments shall be due for the transfer of the Annexed Areas under the terms of this Agreement. Any payments due under previous settlements between the Parties or under prior cases involving the Parties as set by the MPUC and not listed in Exhibit A remain in force and any payables remain due to People's.

#### **4. COMPENSATION PERIOD:**

4.1 For any customers that are served by People's at the Transfer Date, the ten-year compensation period shall begin on the date of the last customer transfer in that Annexed Area, unless otherwise agreed to by the Parties. The applicable ten-year mill rate for such customers in an Annexed Area will be the indexed mill rate in effect on the date the ten-year period begins.

4.2 For all customers that the City serves as of or after the Transfer Date, the ten-year compensation period for each Annexed Area of 80 acres or less shall begin on the date 1) the first permanent meter is installed from a point of service in that Annexed Area for a residential homestead or commercial building of greater than 1,500 square feet, or 2) the permanent meter is installed for the only service that will be provided in that Annexed Area. The applicable ten-year mill rate for such customers in each Annexed Area will be the indexed mill rate in effect on the date the ten-year period begins.

4.3 For an Annexed Area that is larger than 80 acres, the ten-year compensation period shall start with the date the first permanent meter is installed from a point of service in each plat within the Annexed area for (a) a residential homestead or (b) a commercial building of greater than 1,500 square feet. That start date will only apply to that particular platted area. As each new portion of the Annexed Area is platted, a new ten-year compensation period unique to that plat will start.

4.3.1 If the final plat for an over 80-acre Annexed Area is for a single large industrial user and the full annexed area is required for the user's purpose identified in the adopted General Development Plan (GDP) at the time of annexation, the full Annexed Area shall be handled as a

single plat with one compensation period. The ten-year compensation period will start with the date the first permanent meter for the industrial user is installed within the Annexed Area and continue for ten years.

4.3.2 Areas within the annexation platted as outlots due to the City's requirements for developments with large public use facilities (Golf courses, Park Land, etc.) and not to the intended purpose shown in the adopted General Development Plan, will not be a part of the plat for compensation. Compensation will only begin upon a new plat being approved for the outlots that shows the area of the outlots being used to the purpose shown in the GDP and the first permanent meter within the new plat for (a) a residential homestead or (b) a commercial building of greater than 1,500 square feet. For any customers that are served by People's on the date of the transfer, the ten-year compensation period will begin on the date of the last customer transfer in that annexed area, unless otherwise agreed to by the Parties.

## **5. MUNICIPAL DEVELOPMENT:**

5.1 Electric service to the City owned electric utility property and facilities, which are defined as property and facilities used to provide electric service at retail, i.e., powerplants, substations, corporate headquarters, and other property without which a utility could not provide electricity to its customers, is excluded from compensation.

5.2 In the event that the City owns and develops property (owns or acquires at the City's cost or risk and develops to attract business or multi-family residential without the use of a private developer by installing or replacing utility facilities and streets) in an Affected Area for economic development purposes, then the mill rate provision in Section 3.3 shall not apply. Instead, the City shall pay an amount equal to 50% of the mill rate defined in Section 3.3 times each kilowatt hour of electric energy sold by the City to each third-party customer to whom the City provides retail electric service, provided that the City's payment shall not exceed the maximum of two hundred fifty thousand (250,000) kilowatt hours per customer. The mill rate shall be indexed as set forth in Section 3.4.

## **6. REVISED MAP / FILINGS:**

6.1 Upon execution of Agreement and upon RUS action pursuant to the terms of this Agreement, the City shall immediately prepare a revised service territory map depicting the transfer of service territory for Annexed Areas completed through September 30, 2018. After People's



review, approval, and execution of the revised service territory map, which shall not be unreasonably withheld or delayed, the City shall file the map with the MPUC and, together with the Parties' joint request, under Minn. Stat. §216B.39, subd. 3, request the MPUC to modify the service territory boundary and to recognize the service territory transfer.

6.2 Following the initial territory map update as provided in Section 6.1, the City shall prepare annually a revised map, unless required more often by law (including any binding Court or MPUC order), depicting the transfer of service territory for those Annexed Areas completed in each subsequent calendar year through the term of this Agreement and extensions thereof. After People's review, approval, and execution of each such revised map, the City shall file the map with the MPUC and, together with the Parties' joint request under Minn. Stat. §216B.39, subd. 3, request the MPUC to modify the service territory boundary and to recognize the service territory transfer.

6.3 The City shall reimburse People's for all reasonable staff and consulting expenses incurred in the map revision and filing process and shall provide People's with an electronic file of each map revision using the City's then current drafting/mapping software.

6.4 In the event a change in Minnesota law establishes a process for the transfer of service rights that materially differs from the above process, the Parties will follow the process as provided by law.

## **7. FILINGS:**

7.1 If the MPUC or the Department of Commerce raises any question or challenges any provision of the service territory transfer in this Agreement, or the due performance thereof, the Parties shall each, at their own expense, exercise any and all lawful efforts reasonable and necessary to respond to said questions and to assure the transfer of service territory. If for any reason the MPUC refuses to recognize any service territory change described in Article 2, any settlement payments made by the City pursuant to Article 3 shall be repaid by People's to City, upon demand by City.

7.2 To the degree that the approval of RUS or any other lender or party may be necessary for completion of the service rights transfer contemplated and governed by this Agreement, People's shall use its best efforts to obtain such approval. People's shall, within 30 days of the date of signing of this Agreement: (A) make application to RUS or any other necessary party for approval of this Agreement; (B) make application to RUS or any other necessary party for the



release of liens on any customers and service rights addressed herein; (C) promptly and diligently pursue said approval and release of liens as soon as practicable; and (D) provide regular updates to the City as to the status of the proceedings.

8. **CITY POLICY:**

8.1 Minnesota Statutes Sections 216B.37-216B.47 provide the terms and conditions of extending retail electric service within assigned electric service territories. The Parties recognize and agree that each Party has the exclusive right to serve existing and future customers within its assigned electric service territory. Consistent with these statutes, the City shall not extend retail electric service in an Affected Area located in People's assigned service territory before the Transfer Date or written consent from People's. People's shall not extend retail electric service within the City's assigned service territory absent the City's written consent.

8.2 The City shall within 30 days of the date of the City's execution of this Agreement, direct its departments that municipal decisions and actions which affect the nature or schedule of development in areas dealt with in this Agreement shall not be influenced by considerations of the City's compensation obligations under this Agreement to People's. People's shall be permitted opportunity to monitor that such a directive is being complied with by the City's departments during the term of the Agreement.

9. **MUTUAL RELEASE; RESPONSIBILITIES:**

9.1 Except as provided in Section 3.1, the Parties do hereby each unconditionally release and waive any and all claims, known or unknown, which they may now have or have in the future arising from any action or omission of the Parties or any fact or circumstance first occurring prior to the date hereof, whether or not continuing in nature, which relate to or arise from the right of either Party to provide electric service to the Annexed Areas or related to the Condemnation Action by reason of the electric service territory laws of the State of Minnesota, now or hereafter in effect, provided, however, the foregoing provisions of this Article 9 do not waive or release any claim either Party may have for any breach of any covenants contained in this Agreement.

9.2 Each Party will be responsible for its own acts or omissions and the results thereof to the extent authorized by law and shall not be responsible for the acts or omissions of any others and the results thereof.

9.3 Nothing in this Agreement is intended to limit or waive the rights provided to the City under Minnesota Statutes Chapter 466 as to claims by a third party, and it is intended in this

Agreement that unless explicitly provided otherwise, the City shall have the maximum benefits and rights accorded to it under Chapter 466 and applicable law.

10. **NEGOTIATED RESOLUTION AND NOPRECEDENT:**

The Parties acknowledge that this Agreement and its terms are the result of negotiation between the Parties, each taking into consideration the costs and risks of litigation otherwise required to resolve the matters addressed in this Agreement. Consequently, this Agreement's terms do not necessarily reflect the position of either Party as to the appropriate application of the law determining rights and obligations of the Parties concerning compensation and service territory matters and shall not be offered by any Party in any other proceeding related to service territory matters.

11. **ALTERNATIVE DISPUTE RESOLUTION:**

Whenever the Parties disagree on the interpretation of this Agreement, upon calculations or payments, or upon the compensation period for any Annexed Area larger than 80 acres, then upon written request of either Party, representatives with settlement authority for each Party shall meet in person and confer in good faith to resolve the dispute. If the Parties are unable to resolve the dispute, they shall submit their dispute to mediation pursuant to the Minnesota Civil Mediation Act. If the dispute is not resolved by mediation, the parties may invoke their legal remedies available at law.

12. **ENTIRE AGREEMENT:**

As to the subject matter of this Agreement, this Agreement supersedes any and all proposals and/or understandings, oral and in writing, between the Parties hereto and constitutes their sole and only Agreement. There are no understandings, representations or agreements, oral or written, regarding this Agreement that are not otherwise specified herein. Title and paragraph headings are for convenient reference and are not a part of this Agreement.

13. **MISCELLANEOUS:**

13.1 Any notice permitted or required by this Agreement shall be made in writing by letter, electronic mail, facsimile, or other documentary form and shall be deemed given upon actual receipt by the party to which such notice is given. The address for notice to each Party is as follows (as may be later changed by a Party by proper notice):

If to the City:

City of Rochester  
Rochester Public Utilities Attn: General Manager  
4000 East River Road NE  
Rochester, MN 55906

If to People's:

People's Cooperative Services Attn: President/CEO  
1775 Lake Shady Avenue South  
Oronoco, MN 55960

13.2 This Agreement will inure to the benefit of the Parties hereto and shall be binding on them and their respective legal representatives, successors and assigns. Provided, however, neither Party hereto may assign any of its rights herein to any person without the prior written consent of the other Party.

13.3 This Agreement may be amended only in writing signed by each of the Parties.

13.4 Each of the Parties acknowledges that the adjustment of electric service territory boundaries provided for herein is unique in that neither Party will have an adequate remedy at law if the other Party fails to perform any of its obligations hereunder. In such event, either Party shall have the right, in addition to any other rights it may have, to petition for and obtain specific performance of this Agreement in the District Court for the county in which the service territory is located.

13.5 The Parties agree that they participated equally in, and are jointly responsible for, the drafting of this Agreement. In the event of any dispute, any ambiguity in this Agreement shall not be construed against either Party. Headings are for convenience and are not a part of this Agreement.

13.6 This Agreement may be executed in counterpart copies by the Parties and each counterpart, when taken together with the other, shall be deemed one and the same executed Agreement.

#### 14. **EXECUTION OF THE AGREEMENT:**

By executing this Agreement, the Parties acknowledge that they: (a) enter into and execute this Agreement knowingly, voluntarily and freely of their own volition with such consultation with legal counsel as they deem appropriate; (b) have had an opportunity to consult an attorney before signing this Agreement; (c) have read this agreement, understand all of its terms and appreciate the


significance of those terms; and (d) have not relied upon any representation or statement not set forth herein.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed as of the date first above written.


THE CITY OF ROCHESTER

PEOPLE'S COOPERATIVE SERVICES,  
INC.

By: \_\_\_\_\_  
Its General Manager  
Rochester Public Utilities

By:   
Its President and CEO

By: \_\_\_\_\_  
Its Mayor

By:   
Its Chair, Board of Directors

By: \_\_\_\_\_  
City Clerk

Approved As To Form:

By: \_\_\_\_\_  
Rochester City Attorney

**Exhibit A** – Annexed Areas January 1, 2013, through September 30, 2018 (Article 2)

| Year | Ordinance # | Docket #  | Description  | Location   | Acres Annexed | Acres to be Acquired |
|------|-------------|-----------|--|--|---------------|----------------------|
| 2013 | 4112        | A-7850    | South of 50 <sup>th</sup> St SE and east of St. Bridget Road | Rochester Township Section 36  | 14.43         | 14.43                |
| 2013 | N/A         | OA-1170-2 | South of 48 <sup>th</sup> Street NE                          | Haverhill Section 18   | 46.63         | 46.63                |
| 2013 | 4120        | A-7856    | Centurian Ridge  | Haverhill Section; Across from Century High School                             | 32.95         | 32.95                |
| 2013 | N/A         | OA-1170-3 | South of 48 <sup>th</sup> Street NE                          | Haverhill Section 18   | 14.97         | 14.97                |
| 2014 | 4142        | A-7872    | Meadow Lakes Golf Course                                     | Rochester Section 5; S of Country Club Rd & E of 45 <sup>th</sup> Av SW        | 101.51        | 30.0                 |
| 2014 | 4149        | A-7883    | Alpha Development  | Cascade Section 17; N of Badger Hills Dr NW (41 <sup>st</sup> St)              | 33.95         | 33.95                |
| 2015 | N/A         | OA-663-3  | Lot 30 Auditor's Plat C                                      | Marion Section 21; 3320 42 <sup>nd</sup> Av SE                                 | 0.09          | 0.09                 |
| 2015 | 4196        | A-7929    | Aaron Hasley   | Marion Section 16; SW Qtr of the NW Qtr  | 14.73         | 14.73                |
| 2014 | 4155        | A-7888    | Fieldstone   | Rochester Section 22 NW 1/4, North of Existing Fieldstone Development          | 39.78         | 39.78                |
| 2016 | 4233        | A-7984    | Country Club Road and West Circle Drive                      | Rochester Township Section 4   | 0.36          | 0.36                 |
| 2016 | 4245        | A-7995    | Fieldstone   | Rochester Section 21 NE 1/4, West of Existing Fieldstone Development           | 25.19         | 25.19                |
| 2016 | 4234        | A-7983    | North Summit   | Cascade Section 10, South of 65 <sup>th</sup> Street NW                        | 39.32         | 39.32                |
| 2016 | 4254        | A-8003    | Scenic Oaks West   | Rochester Sections 28 & 33, South of 48 <sup>th</sup> Street SW                | 80.13         | 80.13                |
| 2016 | 4266        | A-8024    | Viola Heights  | Haverhill Section 30; SW Corner of Viola Road and West Circle Drive            | 0.09          | 0.09                 |
| 2017 | 4276        | A-8040    | Christ Community Church                                      | Cascade Section 17 & 20; North of Badger Hills Dr NW (41 <sup>st</sup> Street) | 30.34         | 30.34                |
| 2017 | 4311        | A-8064    | Century Valley   | Haverhill Sections 31 and 32 (Adjacent to Century Hills 8 <sup>th</sup> Subd)  | 17.44         | 17.44                |
| 2017 | 4318        | A-8082    | Girl Scouts River Valley                                     | Rochester Township Section 5   | 38.98         | 38.98                |

**Exhibit B – Indexed Values (Article 3)**

Applicable to All Compensation Periods Beginning in Calendar Year.

Reference: Consumer Price Index-All urban Consumers-Midwest-All Items-Annual

Base Mill rate: 2018 25.5

Base CPI (2017 Annual) 229.9

| Calendar Year | Annual Index Reference |          | Escalator | Applicable Mill rate |
|---------------|------------------------|----------|-----------|----------------------|
|               | Year -1                | Year - 2 |           |                      |
| 2013          | ***Fixed*****          | *****    | *****     | 25.50                |
| 2014          | ***Fixed*****          | *****    | *****     | 25.50                |
| 2015          | ***Fixed*****          | *****    | *****     | 25.50                |
| 2016          | ***Fixed*****          | *****    | *****     | 25.50                |
| 2017          | ***Fixed*****          | *****    | *****     | 25.50                |
| 2018          | ***Fixed*****          | *****    | *****     | 25.50                |
| 2019          | (2018)                 | (2017)   | 2018/2017 | TBD                  |
| 2020          | (2019)                 | (2018)   | 2019/2018 | TBD                  |
|               |                        |          |           |                      |
|               |                        |          |           |                      |

Escalator Reference URL:

<https://data.bls.gov/pdq/SurveyOutputServlet>

Example Table:

**Databases, Tables & Calculators by Subject**

Change Output Options:

 From: 2001 ▼ To: 2018 ▼  
☐ include graphs ☐ include annual averages

Data extracted on: July 10, 2018 (2:06:36 PM)

**CPI-All Urban Consumers (Current Series)**

Series Id: CUUR0200SA0, CUUS0200SA0  
 Not Seasonally Adjusted  
 Series Title: All items in Midwest urban, all urban consumers, not seasonally adjusted  
 Area: Midwest  
 Item: All items  
 Base Period: 1982-84=100

Download: ☒ xlsx

| Year | Jan     | Feb     | Mar     | Apr     | May     | Jun     | Jul     | Aug     | Sep     | Oct     | Nov     | Dec     | Annual  | HALF1   | HALF2   |
|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2001 | 171.9   | 172.1   | 171.7   | 172.8   | 174.2   | 173.8   | 172.5   | 173.0   | 174.6   | 172.6   | 172.5   | 171.9   | 172.8   | 172.8   | 172.9   |
| 2002 | 172.1   | 172.5   | 173.6   | 174.7   | 174.8   | 175.3   | 175.3   | 175.8   | 176.2   | 176.3   | 176.1   | 175.5   | 174.9   | 173.8   | 175.9   |
| 2003 | 176.2   | 177.8   | 178.6   | 177.8   | 177.7   | 178.4   | 178.1   | 178.8   | 179.5   | 179.1   | 178.9   | 178.4   | 178.3   | 177.8   | 178.8   |
| 2004 | 179.4   | 180.2   | 181.0   | 181.5   | 182.9   | 183.3   | 183.2   | 183.3   | 183.6   | 184.5   | 184.8   | 183.8   | 182.6   | 181.4   | 183.9   |
| 2005 | 184.1   | 185.2   | 186.3   | 187.7   | 187.4   | 187.8   | 188.4   | 189.7   | 192.5   | 192.1   | 190.3   | 189.7   | 188.4   | 186.4   | 190.5   |
| 2006 | 190.8   | 190.7   | 192.0   | 193.0   | 193.6   | 194.1   | 194.6   | 195.1   | 193.7   | 192.3   | 192.8   | 192.9   | 193.0   | 192.4   | 193.6   |
| 2007 | 193.068 | 194.458 | 196.389 | 197.405 | 199.194 | 199.263 | 198.989 | 198.551 | 199.714 | 199.455 | 200.762 | 200.227 | 198.123 | 196.629 | 199.616 |
| 2008 | 201.427 | 201.896 | 203.723 | 205.393 | 207.168 | 208.968 | 210.071 | 209.351 | 209.252 | 206.019 | 201.737 | 199.582 | 205.382 | 204.763 | 206.002 |
| 2009 | 200.815 | 201.453 | 202.021 | 202.327 | 203.195 | 205.350 | 204.814 | 205.632 | 205.601 | 205.706 | 206.247 | 205.613 | 204.064 | 202.527 | 205.602 |
| 2010 | 206.564 | 206.563 | 207.359 | 207.777 | 207.987 | 207.886 | 208.211 | 208.639 | 208.788 | 208.689 | 208.816 | 209.270 | 208.046 | 207.356 | 208.736 |
| 2011 | 210.388 | 211.090 | 212.954 | 214.535 | 215.899 | 215.954 | 216.099 | 216.586 | 216.968 | 215.653 | 215.614 | 215.173 | 214.743 | 213.470 | 216.016 |
| 2012 | 216.368 | 216.855 | 218.975 | 219.405 | 219.145 | 219.017 | 218.956 | 220.462 | 221.125 | 220.375 | 219.483 | 219.033 | 219.100 | 218.294 | 219.906 |
| 2013 | 219.282 | 221.599 | 222.121 | 221.931 | 223.049 | 223.775 | 222.902 | 223.046 | 223.252 | 222.171 | 221.718 | 221.194 | 222.170 | 221.960 | 222.381 |
| 2014 | 222.247 | 223.493 | 225.485 | 226.214 | 226.565 | 227.588 | 226.997 | 226.587 | 226.913 | 225.793 | 224.396 | 222.821 | 225.425 | 225.265 | 225.585 |
| 2015 | 221.545 | 222.301 | 223.550 | 223.797 | 224.732 | 225.946 | 225.853 | 225.830 | 225.184 | 225.050 | 224.009 | 222.722 | 224.210 | 223.645 | 224.775 |
| 2016 | 223.301 | 223.196 | 224.621 | 225.609 | 226.476 | 227.835 | 226.786 | 227.097 | 227.636 | 227.358 | 226.673 | 226.794 | 226.115 | 225.173 | 227.057 |
| 2017 | 228.279 | 228.633 | 228.824 | 229.682 | 229.705 | 229.780 | 229.820 | 230.443 | 231.030 | 230.660 | 231.084 | 230.548 | 229.874 | 229.151 | 230.598 |
| 2018 | 232.028 | 232.512 | 232.931 | 233.913 | 235.065 |         |         |         |         |         |         |         |         |         |         |



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the:

Agreement for Transfer of Service Territory Rights Between The City of Rochester and People's Cooperative Services

and authorize the Mayor and the City Clerk to execute the agreement.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of October, 2018.

---

President

---

Secretary

## FOR BOARD ACTION

Agenda Item # (ID # 9680)

Meeting Date: 10/30/2018

---

**SUBJECT: Preliminary 2019 Water and Electric Budgets and Rates**

---

**PREPARED BY: Peter Hogan**

---

**ITEM DESCRIPTION:**

Attached is a copy of the preliminary 2019 electric and water capital and operating budgets. A separate presentation of these budgets was given to the Board's finance committee on October 18, 2018.

Management will be reviewing water utility budget and electric utility budget scenarios that take into consideration the cost of service studies presented and accepted by the Board in 2015 and 2017 for the water and electric utilities, respectively. The Board will be asked for final approval of the budgets, including Capital projects, and proposed rates at the November 13, 2018 meeting. If the Board approves, the budget and rates will be forwarded to the City Council for their approval at the November 19, 2018 Council meeting.

In the electric utility, management is presenting a rate scenario showing an overall rate increase of 1.9% and 2.5% in 2019 and 2020 respectively followed by 2.5% rate increases in each year 2021 through 2023.

While this rate scenario does not reach the target change in net assets, we have a potential additional \$2M in transmission revenue per year if the utility prevails in our current FERC case and we will continue to refine our operating budget in the out years. Our cash reserves are above the minimum target in 2019 and projected to stay near the minimum. We have begun to include additional dollars in the maintenance and capital budgets for replacement of aging infrastructure. In addition, we have included a new substation, fully funded from cash, to serve future downtown load growth. In previous budgets this project was planned as a bonded project. The avoided debt service payments help reduce the future rate increases and is consistent with our change to the utility method of rate setting adopted in 2014. The current electric utility budget shows flat to declining energy sales based on our historical econometrics driven revenue model. This is the main driver for the proposed rate increases in the out years as costs to serve new growth rise with less energy sales to pay for this growth.

The significant business drivers for 2019 are:

- Limited demand growth (276MW to 282MW) and a Kwh sales decrease of 2.6% from 2018. These are impacted by strong customer growth (1.5%), decreasing consumption per customer and weather. 2019 reflects a normal weather year while consumption in 2018 is expected to exceed expectations due to more cooling and heating degree days than budgeted.
- A decrease in wholesale power costs from SMMPA of 4%; This decrease will be



## FOR BOARD ACTION

**Agenda Item # (ID # 9680)**

**Meeting Date: 10/30/2018**

passed on to customers through the Power Cost Adjustment and reduces the overall rate impact to customers.

- Internally funded capital project requests for 2019 were cut by 13% or \$2.326M and major maintenance by 11% or \$451.6K to stay within the 1.9% rate track recommended by the 2017 cost of service study.
- Continuation of investments in our system for growth and reliability.
- Investments in IT systems.
- Need to meet financial targets based on Utility Method of rate setting:
  - o Change in Net Assets (Net Income)
  - o Debt Service Coverage Ratio
  - o Equity Percent
  - o Minimum cash reserves per Board policy

In the water utility, management is presenting a budget in keeping with the 2015 cost of service projections presented to the Board. Management is recommending a 6.0% general rate increase. The main drivers for the water budget are:

- Growth in customers 1.2% and projected growth in total consumption.
- Larger capital expenditures for water main replacements.
- City planned street reconstruction.
- DMC development.
- Distribution system expansion.
- One new well in 2019.
- Continued water conservation programs and education.

### UTILITY BOARD ACTION REQUESTED:

Approval of a public notice of general utility rate increase of 1.9% for the electric utility and 6.0% for the water utility.



# ***Rochester Public Utilities***

## ***2019 Annual Operating Plan***

***(Preliminary)***

# ROCHESTER PUBLIC UTILITIES 2019 ANNUAL OPERATING PLAN

## CONTENTS

|  | SECTION  |
|--|----------|
| ELECTRIC UTILITY – OPERATING BUDGET                                  | <b>1</b> |
| ELECTRIC UTILITY – CAPITAL IMPROVEMENT &<br>MAJOR MAINTENANCE BUDGET | <b>2</b> |
| WATER UTILITY – OPERATING BUDGET                                     | <b>3</b> |
| WATER UTILITY – CAPITAL IMPROVEMENT &<br>MAJOR MAINTENANCE BUDGET    | <b>4</b> |
| PERSONNEL BUDGET – TOTAL RPU   | <b>5</b> |
| SUPPLEMENTAL DATA – CAPITAL/OPERATING<br>BUDGETS                     | <b>6</b> |

# **ROCHESTER PUBLIC UTILITIES**

**2019**

## **ELECTRIC UTILITY**

### **OPERATING BUDGET**

**ROCHESTER PUBLIC UTILITIES  
ELECTRIC UTILITY  
2019 OPERATING BUDGET**

**INDEX**

| <b><u>Title</u></b>                    | <b><u>Pages</u></b> |
|--|---------------------|
| Basic Assumptions                      | 1                   |
| Forecast by Year 2018 through 2023     | 2                   |
| Condensed Income Statement             | 3                   |
| Revenue Sources & Expense Categories   | 4                   |
| Operating Expenditures Graph           | 5                   |
| Production & Sales Statistics Forecast | 6                   |

**ROCHESTER PUBLIC UTILITIES  
ELECTRIC UTILITY  
2019 OPERATING BUDGET**

**BASIC ASSUMPTIONS**

- Cost center budgets and non-bonded projects set at level used in cost-of-service study
- Other than specifically identified projects, no assumptions have been made with regards to DMC
- Interest Earnings Rate: 0.75%
- Average Salary Expense Change: 3.5%  
(consists of COLA, merit and promotion increases)
- Anticipated Bonding none
- Change in Full-time Equivalents: 2
- SMMPA Wholesale Power Cost: 4.0% decrease
- SMMPA CROD Level: 216 MW
- Minimum Cash Reserve Requirement: Current policy amount \$55,603,000

**RETAIL REVENUES / SALES**

- Revenue Adjustment: 1.9% overall proposed
- Electric KWH Sales Forecast: 2.8 % Decrease from 2018 F2 Year End Projected Sales
- Total Electric Utility Customers: 1.5% Increase over Year End 2018 F2 Projected Customers
- Forecast Assumes Normal Weather : 523 Cooling Degree Days

**WHOLESALE FUEL COSTS**

- Estimated Cost of Fuel 2019 \$3.866 / mmBtu
- Budgeted Cost of Fuel 2018 F2 \$3.738 / mmBtu

**OTHER ITEMS**

- In Lieu of Tax forecast increasing \$98,900 to a total of \$8,880,804.

**ROCHESTER PUBLIC UTILITIES  
ELECTRIC UTILITY  
Management Reporting P&L**

|   | Historical Data   |                   | 2018 F2           |                   |                   |                  |                  |                  |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|
|   | 2016              | 2017              |                   | 2019              | 2020              | 2021             | 2022             | 2023             |
| in 000's  |                   |                   |                   |                   |                   |                  |                  |                  |
|   | RPU Rate Increase | 1.7%              | 3.7%              | 1.5%              | 1.9%              | 2.5%             | 2.5%             | 2.5%             |
| <b>Revenue</b>  |                   |                   |                   |                   |                   |                  |                  |                  |
| Retail Electric   | \$142,011         | \$146,779         | \$151,405         | \$153,201         | \$156,577         | \$160,580        | \$164,407        | \$167,977        |
| Wholesale Electric                                      | \$2,311           | \$1,822           | \$4,188           | \$6,381           | \$4,593           | \$4,700          | \$4,809          | \$4,923          |
| Wholesale Steam   | \$4,039           | \$4,419           | \$4,262           | \$4,304           | \$5,177           | \$6,456          | \$7,397          | \$4,456          |
| Transmission  | \$4,917           | \$4,496           | \$5,371           | \$5,000           | \$5,000           | \$5,000          | \$5,000          | \$5,000          |
| Other Services & Fees                                   | \$3,157           | \$3,264           | \$2,628           | \$3,224           | \$3,267           | \$3,305          | \$3,350          | \$3,392          |
| <b>Total Revenue</b>                                    | <b>\$156,435</b>  | <b>\$160,780</b>  | <b>\$167,854</b>  | <b>\$172,109</b>  | <b>\$174,614</b>  | <b>\$180,041</b> | <b>\$184,963</b> | <b>\$185,748</b> |
| <b>Cost of Revenue</b>                                  |                   |                   |                   |                   |                   |                  |                  |                  |
| Power Supply  | \$92,700          | \$93,062          | \$96,305          | \$96,130          | \$97,094          | \$97,055         | \$97,183         | \$96,868         |
| Generation Fuel   | \$3,563           | \$3,413           | \$5,351           | \$7,086           | \$6,387           | \$7,221          | \$7,855          | \$6,207          |
| <b>Total Cost of Revenue</b>                            | <b>\$96,262</b>   | <b>\$96,475</b>   | <b>\$101,657</b>  | <b>\$103,217</b>  | <b>\$103,481</b>  | <b>\$104,276</b> | <b>\$105,037</b> | <b>\$103,076</b> |
| <b>Gross Margin</b>                                     |                   |                   |                   |                   |                   |                  |                  |                  |
| Retail Electric   | \$49,311          | \$53,717          | \$55,100          | \$57,071          | \$59,483          | \$63,525         | \$67,224         | \$71,109         |
| Wholesale   | \$2,787           | \$2,828           | \$3,099           | \$3,599           | \$3,383           | \$3,935          | \$4,351          | \$3,172          |
| Transmission  | \$4,917           | \$4,496           | \$5,371           | \$5,000           | \$5,000           | \$5,000          | \$5,000          | \$5,000          |
| Other Services & Fees                                   | \$3,157           | \$3,264           | \$2,628           | \$3,224           | \$3,267           | \$3,305          | \$3,350          | \$3,392          |
| <b>TOTAL GROSS MARGIN</b>                               | <b>\$60,172</b>   | <b>\$64,305</b>   | <b>\$66,197</b>   | <b>\$68,893</b>   | <b>\$71,133</b>   | <b>\$75,765</b>  | <b>\$79,926</b>  | <b>\$82,673</b>  |
| <b>Controllable Costs</b>                               |                   |                   |                   |                   |                   |                  |                  |                  |
| Salaries & Benefits                                     | \$20,303          | \$21,802          | \$23,008          | \$24,349          | \$26,034          | \$27,726         | \$29,397         | \$31,202         |
| Other Operating Expenses                                | \$8,655           | \$8,967           | \$9,587           | \$10,383          | \$10,483          | \$10,752         | \$10,964         | \$11,177         |
| Major Maintenance                                       | \$1,690           | \$1,986           | \$2,789           | \$3,599           | \$4,979           | \$4,073          | \$4,016          | \$3,940          |
| Non-Bonded Capital Projects                             | \$12,950          | \$12,228          | \$10,582          | \$15,477          | \$26,951          | \$18,931         | \$15,779         | \$13,807         |
| <b>TOTAL CONTROLLABLE COSTS</b>                         | <b>\$43,598</b>   | <b>\$44,984</b>   | <b>\$45,966</b>   | <b>\$53,807</b>   | <b>\$68,448</b>   | <b>\$61,483</b>  | <b>\$60,156</b>  | <b>\$60,125</b>  |
| Depreciation & Amortization                             | \$9,804           | \$10,975          | \$13,016          | \$14,265          | \$14,860          | \$15,223         | \$15,622         | \$16,074         |
| Less Non Bonded Projects (capitalized)                  | (\$12,950)        | (\$12,228)        | (\$10,582)        | (\$15,477)        | (\$26,951)        | (\$18,931)       | (\$15,779)       | (\$13,807)       |
| Less Total Internal Costs (capitalized)                 | (\$3,292)         | (\$4,547)         | (\$4,659)         | (\$3,265)         | (\$4,885)         | (\$4,008)        | (\$5,089)        | (\$4,805)        |
| Interutility Allocation                                 | (\$1,230)         | (\$1,228)         | (\$1,349)         | (\$1,486)         | (\$1,516)         | (\$1,546)        | (\$1,577)        | (\$1,609)        |
| <b>Total Operating Expenses</b>                         | <b>\$35,931</b>   | <b>\$37,956</b>   | <b>\$42,392</b>   | <b>\$47,845</b>   | <b>\$49,956</b>   | <b>\$52,221</b>  | <b>\$53,333</b>  | <b>\$55,979</b>  |
| <b>Net Operating Income (Loss)</b>                      | <b>\$24,242</b>   | <b>\$26,349</b>   | <b>\$23,805</b>   | <b>\$21,048</b>   | <b>\$21,177</b>   | <b>\$23,544</b>  | <b>\$26,592</b>  | <b>\$26,694</b>  |
| <b>Financing &amp; Other Non-Operating Items:</b>       |                   |                   |                   |                   |                   |                  |                  |                  |
| Bond & Interest Related Expenses                        | (\$3,507)         | (\$5,039)         | (\$5,905)         | (\$6,303)         | (\$6,138)         | (\$5,803)        | (\$5,616)        | (\$5,894)        |
| Interest Income   | \$256             | \$851             | \$1,179           | \$735             | \$687             | \$650            | \$658            | \$681            |
| Misc Non-Operating Income (Expense)                     | (\$367)           | (\$570)           | (\$35)            | (\$50)            | (\$51)            | (\$52)           | (\$53)           | (\$55)           |
| <b>Total Financing &amp; Non-Operating Items</b>        | <b>(\$3,617)</b>  | <b>(\$4,758)</b>  | <b>(\$4,762)</b>  | <b>(\$5,618)</b>  | <b>(\$5,502)</b>  | <b>(\$5,205)</b> | <b>(\$5,011)</b> | <b>(\$5,267)</b> |
| <b>Income Before Transfers or Capital Contributions</b> | <b>\$20,625</b>   | <b>\$21,591</b>   | <b>\$19,043</b>   | <b>\$15,430</b>   | <b>\$15,675</b>   | <b>\$18,339</b>  | <b>\$21,581</b>  | <b>\$21,427</b>  |
| Transfers (In Lieu of Taxes)                            | (\$8,470)         | (\$8,422)         | (\$8,782)         | (\$8,881)         | (\$9,068)         | (\$9,256)        | (\$9,441)        | (\$9,634)        |
| Capital Contributions                                   | \$0               | (\$303)           | \$0               | \$0               | \$0               | \$0              | \$0              | \$0              |
| Other Revenues  | \$0               | \$0               | \$1,051           | \$2,129           | \$5,373           | \$4,174          | \$574            | \$575            |
| Special Items   | \$3,062           | \$3,066           | \$0               | \$0               | (\$0)             | (\$0)            | (\$0)            | \$0              |
| <b>NET INCOME</b>                                       | <b>\$15,217</b>   | <b>\$15,933</b>   | <b>\$11,313</b>   | <b>\$8,678</b>    | <b>\$11,980</b>   | <b>\$13,257</b>  | <b>\$12,714</b>  | <b>\$12,367</b>  |
| <b>TARGET NET INCOME</b>                                | <b>\$ 13,060</b>  | <b>\$ 14,300</b>  | <b>\$ 15,187</b>  | <b>\$ 15,968</b>  | <b>\$ 16,693</b>  |                  |                  |                  |
| <b>Excess (Deficit) from Target</b>                     | <b>\$ (4,382)</b> | <b>\$ (2,320)</b> | <b>\$ (1,930)</b> | <b>\$ (3,254)</b> | <b>\$ (4,325)</b> |                  |                  |                  |
| <b>1/01 Cash Balance</b>                                | <b>\$ 40,753</b>  | <b>\$ 56,843</b>  | <b>\$ 67,805</b>  | <b>\$ 65,000</b>  | <b>\$ 54,843</b>  | <b>\$ 55,070</b> | <b>\$ 57,052</b> |                  |
| Change in Net Assets                                    | 15,933            | 11,313            | 8,678             | 11,980            | 13,257            | 12,714           | 12,367           |                  |
| Depreciation & Amortization                             | 10,975            | 13,016            | 14,265            | 14,860            | 15,223            | 15,622           | 16,074           |                  |
| Capital Additions/Service Territory Comp                | (61,751)          | (31,346)          | (20,066)          | (31,836)          | (22,939)          | (20,868)         | (18,612)         |                  |
| Bond Principal Payments                                 | (3,685)           | (5,460)           | (5,725)           | (6,015)           | (6,315)           | (6,625)          | (6,955)          |                  |
| Bond Proceeds   | 125,227           | -                 | -                 | -                 | -                 | -                | -                |                  |
| Net Change in Other Assets/Liabilities                  | (70,610)          | 23,439            | 43                | 854               | 1,001             | 1,139            | 1,285            |                  |
| <b>Net Changes in Cash</b>                              | <b>16,090</b>     | <b>10,962</b>     | <b>(2,804)</b>    | <b>(10,157)</b>   | <b>227</b>        | <b>1,982</b>     | <b>4,160</b>     |                  |
| <b>12/31 Cash Balance</b>                               | <b>\$ 56,843</b>  | <b>\$ 67,805</b>  | <b>\$ 65,000</b>  | <b>\$ 54,843</b>  | <b>\$ 55,070</b>  | <b>\$ 57,052</b> | <b>\$ 61,212</b> |                  |
| <b>Reserve Target</b>                                   | <b>\$ 51,466</b>  | <b>\$ 54,061</b>  | <b>\$ 55,603</b>  | <b>\$ 56,137</b>  | <b>\$ 56,667</b>  | <b>\$ 57,014</b> | <b>\$ 57,922</b> |                  |
| <b>Excess (Deficit) from Target</b>                     | <b>\$ 5,377</b>   | <b>\$ 13,744</b>  | <b>\$ 9,398</b>   | <b>\$ (1,294)</b> | <b>\$ (1,598)</b> | <b>\$ 38</b>     | <b>\$ 3,290</b>  |                  |
| <b>Cash Balance as % of Reserve Target</b>              |                   | <b>125.4%</b>     | <b>116.9%</b>     | <b>97.7%</b>      | <b>97.2%</b>      | <b>100.1%</b>    | <b>105.7%</b>    |                  |
| <b>Debt Service Coverage Ratio</b>                      |                   |                   | <b>2.6</b>        | <b>2.6</b>        | <b>2.8</b>        | <b>3.0</b>       | <b>3.1</b>       |                  |

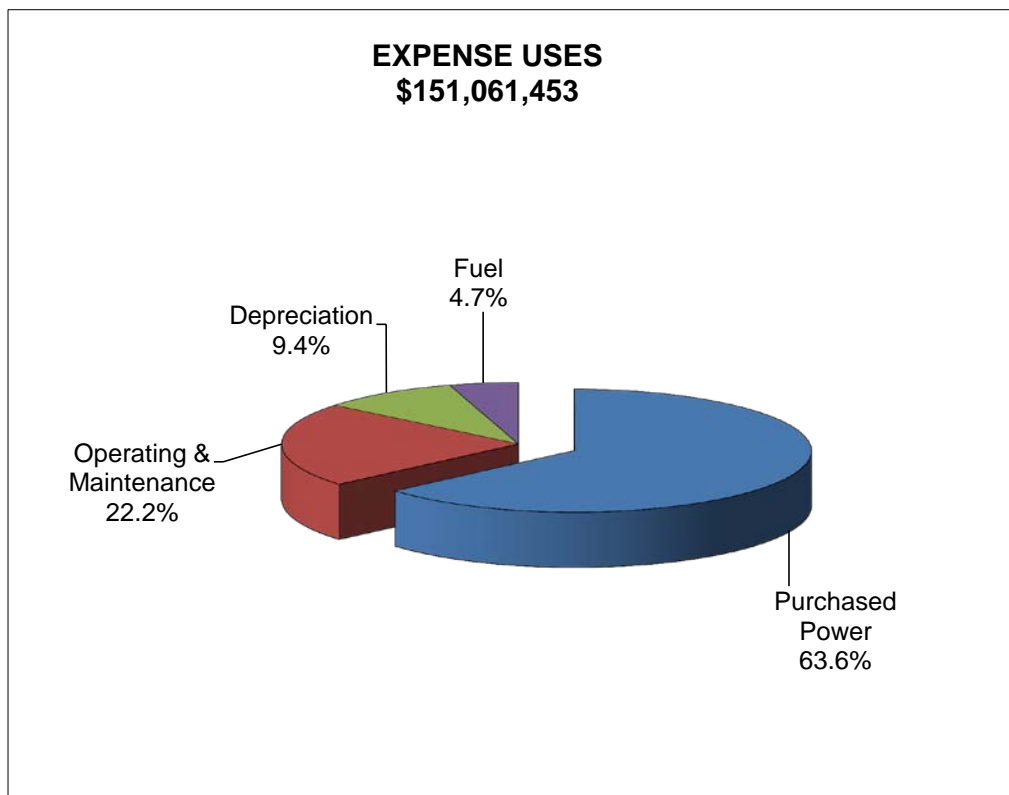
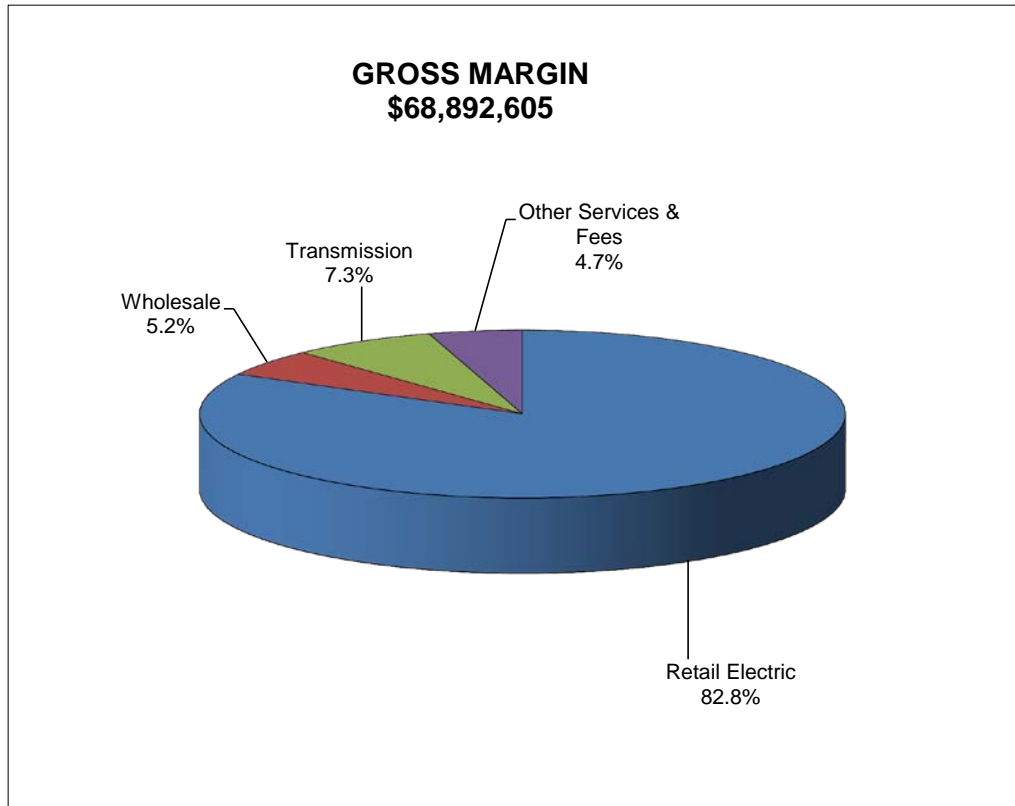
**ROCHESTER PUBLIC UTILITIES  
ELECTRIC UTILITY  
Management Reporting P&L**

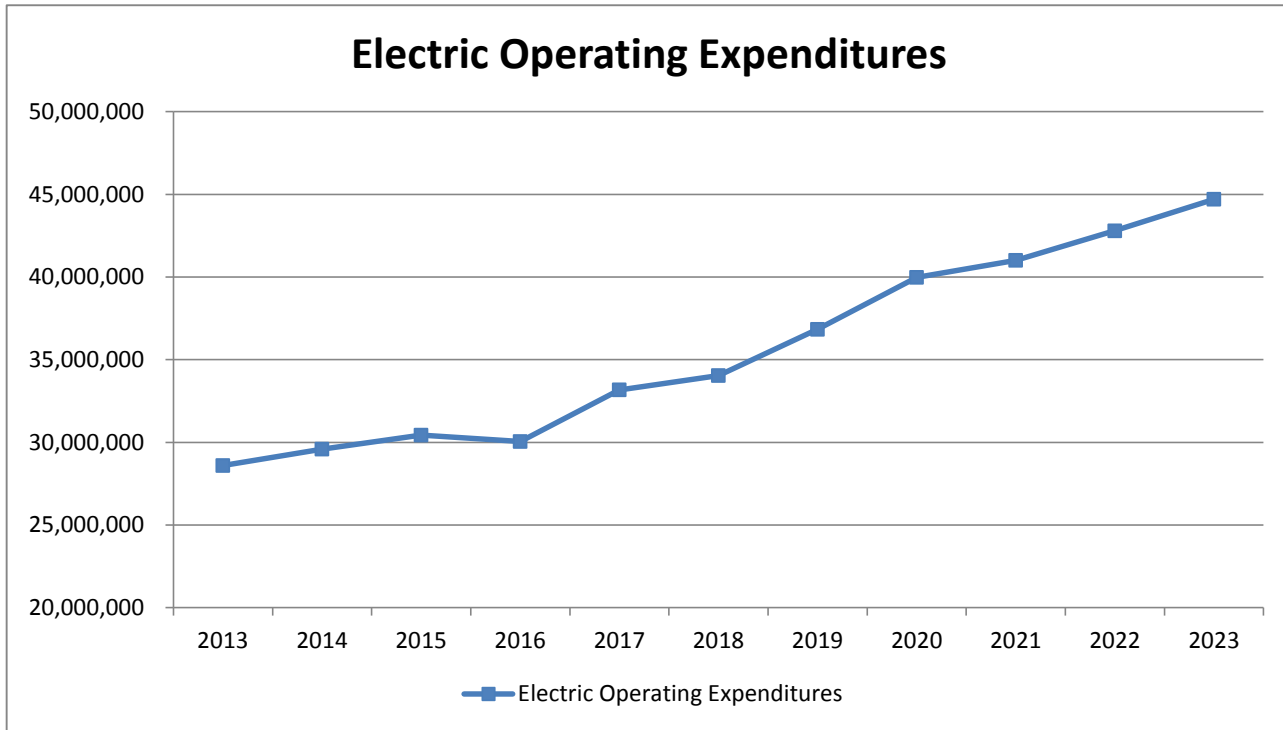
|   | Historical Data  |                  | 2018             |                  | 2019             |                   | Variance          | %              |
|---|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|----------------|
|   | 2016             | 2017             | Orig Bdgt        | 2018 F2          | 2019             | Orig Bdgt         | 2019 to Orig Bdgt | Variance       |
| in 000's  |                  |                  |                  |                  |                  |                   |                   |                |
| <b>Revenue</b>  |                  |                  |                  |                  |                  |                   |                   |                |
| Retail Electric   | \$142,011        | \$146,779        | \$153,878        | \$151,405        | \$153,201        | \$166,225         | (\$13,024)        | -7.8%          |
| Wholesale Electric                                      | \$2,311          | \$1,822          | \$2,759          | \$4,188          | \$6,381          | \$2,107           | \$4,274           | 202.8%         |
| Wholesale Steam   | \$4,039          | \$4,419          | \$4,349          | \$4,262          | \$4,304          | \$4,456           | (\$152)           | -3.4%          |
| Transmission  | \$4,917          | \$4,496          | \$5,000          | \$5,371          | \$5,000          | \$5,000           | \$0               | 0.0%           |
| Other Services & Fees                                   | \$3,157          | \$3,264          | \$3,624          | \$2,628          | \$3,224          | \$3,339           | (\$116)           | -3.5%          |
| <b>Total Revenue</b>                                    | <b>\$156,435</b> | <b>\$160,780</b> | <b>\$169,610</b> | <b>\$167,854</b> | <b>\$172,109</b> | <b>\$181,128</b>  | <b>(\$9,018)</b>  | <b>-5.0%</b>   |
| <b>Cost of Revenue</b>                                  |                  |                  |                  |                  |                  |                   |                   |                |
| Power Supply  | \$92,700         | \$93,062         | \$94,661         | \$96,305         | \$96,130         | \$99,034          | (\$2,904)         | -2.9%          |
| Generation Fuel   | \$3,563          | \$3,413          | \$4,099          | \$5,351          | \$7,086          | \$3,741           | \$3,346           | 89.4%          |
| <b>Total Cost of Revenue</b>                            | <b>\$96,262</b>  | <b>\$96,475</b>  | <b>\$98,760</b>  | <b>\$101,657</b> | <b>\$103,217</b> | <b>\$102,775</b>  | <b>\$442</b>      | <b>0.4%</b>    |
| <b>Gross Margin</b>                                     |                  |                  |                  |                  |                  |                   |                   |                |
| Retail Electric   | \$49,311         | \$53,717         | \$59,217         | \$55,100         | \$57,071         | \$67,191          | (\$10,120)        | -15.1%         |
| Wholesale   | \$2,787          | \$2,828          | \$3,009          | \$3,099          | \$3,599          | \$2,823           | \$776             | 27.5%          |
| Transmission  | \$4,917          | \$4,496          | \$5,000          | \$5,371          | \$5,000          | \$5,000           | \$0               | 0.0%           |
| Other Services & Fees                                   | \$3,157          | \$3,264          | \$3,624          | \$2,628          | \$3,224          | \$3,339           | (\$116)           | -3.5%          |
| <b>TOTAL GROSS MARGIN</b>                               | <b>\$60,172</b>  | <b>\$64,305</b>  | <b>\$70,850</b>  | <b>\$66,197</b>  | <b>\$68,893</b>  | <b>\$78,353</b>   | <b>(\$9,460)</b>  | <b>-14.7%</b>  |
| <b>Controllable Costs</b>                               |                  |                  |                  |                  |                  |                   |                   |                |
| Salaries & Benefits                                     | \$20,303         | \$21,802         | \$24,017         | \$23,008         | \$24,349         | \$24,127          | \$222             | 0.9%           |
| Other Operating Expenses                                | \$8,655          | \$8,967          | \$9,602          | \$9,587          | \$10,383         | \$9,891           | \$492             | 5.0%           |
| Major Maintenance                                       | \$1,690          | \$1,986          | \$3,038          | \$2,789          | \$3,599          | \$2,306           | \$1,293           | 56.1%          |
| Non-Bonded Capital Projects                             | \$12,950         | \$12,228         | \$11,209         | \$10,582         | \$15,477         | \$14,359          | \$1,117           | 7.8%           |
| <b>TOTAL CONTROLLABLE COSTS</b>                         | <b>\$43,598</b>  | <b>\$44,984</b>  | <b>\$47,866</b>  | <b>\$45,966</b>  | <b>\$53,807</b>  | <b>\$50,683</b>   | <b>\$3,124</b>    | <b>6.2%</b>    |
| Depreciation & Amortization                             | \$9,804          | \$10,975         | \$12,948         | \$13,016         | \$14,265         | \$11,838          | \$2,427           | 20.5%          |
| Less Non Bonded Projects (capitalized)                  | (\$12,950)       | (\$12,228)       | (\$11,209)       | (\$10,582)       | (\$15,477)       | (\$14,359)        | (\$1,117)         | 7.8%           |
| Less Total Internal Costs (capitalized)                 | (\$3,292)        | (\$4,547)        | (\$4,071)        | (\$4,659)        | (\$3,265)        | (\$4,708)         | \$1,443           | -30.6%         |
| Interutility Allocation                                 | (\$1,230)        | (\$1,228)        | (\$1,449)        | (\$1,349)        | (\$1,486)        | (\$1,445)         | (\$41)            | 2.8%           |
| <b>Total Operating Expenses</b>                         | <b>\$35,931</b>  | <b>\$37,956</b>  | <b>\$44,085</b>  | <b>\$42,392</b>  | <b>\$47,845</b>  | <b>\$42,009</b>   | <b>\$5,836</b>    | <b>13.9%</b>   |
| <b>Net Operating Income (Loss)</b>                      | <b>\$24,242</b>  | <b>\$26,349</b>  | <b>\$26,765</b>  | <b>\$23,805</b>  | <b>\$21,048</b>  | <b>\$36,344</b>   | <b>(\$15,296)</b> | <b>-42.1%</b>  |
| <b>Financing &amp; Other Non-Operating Items:</b>       |                  |                  |                  |                  |                  |                   |                   |                |
| Bond & Interest Related Expenses                        | (\$3,507)        | (\$5,039)        | (\$4,854)        | (\$5,905)        | (\$6,303)        | (\$8,336)         | \$2,033           | -24.4%         |
| Interest Income   | \$256            | \$851            | \$536            | \$1,179          | \$735            | \$189             | \$546             | 288.6%         |
| Misc Non-Operating Income (Expense)                     | (\$367)          | (\$570)          | (\$53)           | (\$35)           | (\$50)           | (\$111)           | \$61              | -54.7%         |
| <b>Total Financing &amp; Non-Operating Items</b>        | <b>(\$3,617)</b> | <b>(\$4,758)</b> | <b>(\$4,371)</b> | <b>(\$4,762)</b> | <b>(\$5,618)</b> | <b>(\$8,258)</b>  | <b>\$2,640</b>    | <b>-32.0%</b>  |
| <b>Income Before Transfers or Capital Contributions</b> | <b>\$20,625</b>  | <b>\$21,591</b>  | <b>\$22,394</b>  | <b>\$19,043</b>  | <b>\$15,430</b>  | <b>\$28,086</b>   | <b>(\$12,656)</b> | <b>-45.1%</b>  |
| Transfers (In Lieu of Taxes)                            | (\$8,470)        | (\$8,422)        | (\$8,655)        | (\$8,782)        | (\$8,881)        | (\$9,365)         | \$484             | -5.2%          |
| Capital Contributions                                   | \$0              | (\$303)          | \$0              | \$0              | \$0              | \$0               | \$0               | 0.0%           |
| Other Revenues  | \$0              | \$0              | \$401            | \$1,051          | \$2,129          | \$0               | \$2,129           | 100.0%         |
| Special Items   | \$3,062          | \$3,066          | \$0              | \$0              | \$0              | \$222             | (\$222)           | 0.0%           |
| <b>NET INCOME</b>                                       | <b>\$15,217</b>  | <b>\$15,933</b>  | <b>\$14,139</b>  | <b>\$11,313</b>  | <b>\$8,678</b>   | <b>\$18,943</b>   | <b>(\$10,265)</b> | <b>-54.2%</b>  |
| <b>1/01 Cash Balance</b>                                | <b>\$ 40,753</b> |                  | <b>\$ 47,578</b> | <b>\$ 56,843</b> | <b>\$ 67,805</b> | <b>\$ 40,798</b>  | <b>\$ 27,006</b>  | <b>66.2%</b>   |
| Change in Net Assets                                    |                  | 15,933           | 14,139           | 11,313           | 8,678            | \$ 18,943         | (10,265)          | -54.2%         |
| Depreciation & Amortization                             |                  | 10,975           | 12,948           | 13,016           | 14,265           | \$ 11,838         | 2,427             | 20.5%          |
| Capital Additions/Service Territory Comp                |                  | (61,751)         | (38,047)         | (31,346)         | (20,066)         | \$ (29,867)       | 9,801             | -32.8%         |
| Bond Principal Payments                                 |                  | (3,685)          | (5,460)          | (5,460)          | (5,725)          | \$ (7,136)        | 1,411             | -19.8%         |
| Bond Proceeds   |                  | 125,227          | -                | -                | -                | \$ 23,000         | (23,000)          | 0.0%           |
| Net Change in Other Assets/Liabilities                  |                  | (70,610)         | 22,921           | 23,439           | 43               | \$ (11,875)       | 11,919            | -100.4%        |
| <b>Net Changes in Cash</b>                              |                  | <b>16,090</b>    | <b>6,501</b>     | <b>10,962</b>    | <b>(2,804)</b>   | <b>4,903</b>      | <b>(7,707)</b>    | <b>-157.2%</b> |
| <b>12/31 Cash Balance</b>                               | <b>\$ 56,843</b> |                  | <b>\$ 54,079</b> | <b>\$ 67,805</b> | <b>\$ 65,000</b> | <b>\$ 45,701</b>  | <b>\$ 19,299</b>  | <b>42.2%</b>   |
| <b>Reserve Target</b>                                   | <b>\$ 51,466</b> |                  | <b>\$ 53,954</b> | <b>\$ 54,061</b> | <b>\$ 55,603</b> | <b>\$ 48,834</b>  | <b>\$ 6,769</b>   | <b>13.9%</b>   |
| <b>Excess (Deficit) from Target</b>                     | <b>\$ 5,377</b>  |                  | <b>\$ 125</b>    | <b>\$ 13,744</b> | <b>\$ 9,398</b>  | <b>\$ (3,133)</b> | <b>\$ 12,531</b>  | <b>-400.0%</b> |
| <b>Cash Balance as % of Reserve Target</b>              |                  |                  |                  | <b>125.4%</b>    |                  | <b>116.9%</b>     | <b>93.6%</b>      |                |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)



**ROCHESTER PUBLIC UTILITIES  
ELECTRIC UTILITY  
2019 OPERATING BUDGET**





**ROCHESTER PUBLIC UTILITIES  
PRODUCTION & SALES STATISTICS FORECAST  
ELECTRIC UTILITY**

|  | 2018 F2   | 2019      | 2020      | 2021      | 2022      | 2023      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Peak MW                                |           |           |           |           |           |           |
| SMMPA                                  | 216       | 216       | 216       | 216       | 216       | 216       |
| Self Generation                        | -         | -         | -         | -         | -         | -         |
| Market                                 | 61        | 54        | 63        | 64        | 64        | 63        |
| Total Peak MW                          | 277       | 270       | 279       | 280       | 280       | 279       |
| % Change                               | 4.1%      | -2.4%     | 3.2%      | 0.2%      | -0.1%     | -0.1%     |
| Retail MWH                             | 1,237,113 | 1,202,579 | 1,203,843 | 1,204,692 | 1,204,691 | 1,205,229 |
| % Change                               | 4.1%      | -2.8%     | 0.1%      | 0.1%      | 0.0%      | 0.0%      |
| Purchased Power MWH                    |           |           |           |           |           |           |
| SMMPA                                  | 1,252,715 | 1,216,186 | 1,216,390 | 1,217,439 | 1,216,742 | 1,217,389 |
| Other                                  | 3,661     | 4,298     | 5,389     | 5,211     | 5,906     | 5,811     |
| Total Purchased Power MWH              | 1,256,376 | 1,220,483 | 1,221,779 | 1,222,650 | 1,222,648 | 1,223,200 |
| % Change                               | 3.3%      | -2.9%     | 0.1%      | 0.1%      | 0.0%      | 0.0%      |
| Generation MWH                         |           |           |           |           |           |           |
| Others                                 | 90,229    | 103,734   | 103,734   | 103,734   | 103,734   | 103,734   |
| RPU                                    | 11,832    | 12,160    | 12,160    | 12,160    | 12,160    | 12,160    |
| Total Generation MWH                   | 102,061   | 115,894   | 115,894   | 115,894   | 115,894   | 115,894   |
| % Change                               | 161.9%    | 13.6%     | 0.0%      | 0.0%      | 0.0%      | 0.0%      |
| Number of Customers                    |           |           |           |           |           |           |
| Residential                            | 50,094    | 50,870    | 51,656    | 52,455    | 53,265    | 54,088    |
| Small General Service                  | 4,506     | 4,542     | 4,577     | 4,613     | 4,648     | 4,684     |
| Medium General Service                 | 441       | 450       | 459       | 468       | 477       | 485       |
| Large General Service                  | 14        | 14        | 14        | 14        | 14        | 14        |
| Large Industrial Service               | 2         | 2         | 2         | 2         | 2         | 2         |
| Street & Hwy Lightings                 | 3         | 3         | 3         | 3         | 3         | 3         |
| Interdepartmental                      | 1         | 1         | 1         | 1         | 1         | 1         |
| Total Customers                        | 55,061    | 55,882    | 56,712    | 57,556    | 58,410    | 59,277    |
| % Change                               | 1.5%      | 1.5%      | 1.5%      | 1.5%      | 1.5%      | 1.5%      |
| Blended cost per MWH for retail supply | \$ 76.65  | \$ 78.76  | \$ 79.47  | \$ 79.38  | \$ 79.49  | \$ 79.19  |
| Steam Generation MLBS                  | 429,272   | 434,568   | 522,699   | 651,812   | 746,820   | 449,884   |
| % Change                               | -2.4%     | 1.2%      | 20.3%     | 24.7%     | 14.6%     | -39.8%    |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

**ROCHESTER PUBLIC UTILITIES**

**2019**

**ELECTRIC UTILITY**

**CAPITAL IMPROVEMENT AND  
MAJOR MAINTENANCE BUDGET**

Rochester Public Utilities  
2019 Internally Funded Capital

6.1.a

| Cost Center | Description                          | 2019 Purchases | Approved<br>Y = YES,<br>N = NO<br>D = Deferred | Value Metric Score | Rates | Reliability | Relationship | Reputation | Responsibility | Financial Impact |
|-------------|--------------------------------------|----------------|--|--------------------|-------|-------------|--------------|------------|----------------|------------------|
|             | <b>PROJECTS</b>                      |                |  |                    |       |             |              |            |                |                  |
| 116         | Feeder1401&1411Bifurcation           | 550,000        | Y  | 3.19               |       |             |              |            |                |                  |
| 116         | WillowCreekExpansionforQ11           | 400,000        | Y  | 3.03               |       |             |              |            |                |                  |
| 108         | U3 BFPs                              | \$ 500,000     | Y  | 3.00               |       |             |              |            |                |                  |
| 116         | Northern Hills 65th St Feeder        | 555,000        | Y  | 2.80               |       |             |              |            |                |                  |
| 114         | TransformerOilPump&FiltrationUnit    | 235,000        | Y  | 2.78               |       |             |              |            |                |                  |
| 150         | Phone Recording / Reporting          | -              | D  | 2.78               |       |             |              |            |                | \$ (100,000)     |
| 116         | FiberCascadeCreekToCrosstown         | 70,000         | Y  | 2.77               |       |             |              |            |                |                  |
| 116         | MarionRdSubstation&FeederBuildout    | 2,680,449      | Y  | 2.73               |       |             |              |            |                |                  |
| 114         | FCSRdioReadDevicesAndWiFi            | 15,000         | Y  | 2.72               |       |             |              |            |                | \$ (20,000)      |
| 147         | Design & Replace AHU 1-4             | \$ 776,250     | Y  | 2.71               |       |             |              |            |                |                  |
| 108         | U3 Feedwater Flow Bypass             | \$ 100,000     | Y  | 2.63               |       |             |              |            |                |                  |
| 107         | New SCADA System                     | \$ -           | D  | 2.60               |       |             |              |            |                | \$ (500,000)     |
| 114         | Web-BasedServiceApplication          | 13,000         | Y  | 2.59               |       |             |              |            |                | \$ (19,500)      |
| 116         | Feeder 715 Install                   | -              | D  | 2.59               |       |             |              |            |                | \$ (325,000)     |
| 116         | Feeder 1732 Install                  | 70,000         | Y  | 2.58               |       |             |              |            |                |                  |
| 114         | BridgeMeterTransition-MobileToHosted | -              | N  | 2.52               |       |             |              |            |                | \$ (185,000)     |
| 144         | Call Center Reports Dashboards       | -              | N  | 2.39               |       |             |              |            |                | \$ (50,000)      |
| 116         | Q4 - BV to Salem Rd                  | -              | D  | 2.37               |       |             |              |            |                | \$ (375,000)     |
| 144         | Microsoft365Implementation-Phase1    | 50,000         | Y  | 2.36               |       |             |              |            |                |                  |
| 117         | Responder/SCADA Integration          | \$ -           | D  | 2.28               |       |             |              |            |                | \$ (60,000)      |
| 114         | ServiceCenterStandbyGenerator        | -              | N  | 2.25               |       |             |              |            |                | \$ (315,000)     |
| 144         | InternalFirewall                     | 49,000         | Y  | 2.19               |       |             |              |            |                |                  |
| 137         | CRM/CIS-B (Cayenta)                  | 912,086        | Y  | 2.12               |       |             |              |            |                | \$ (156,800)     |
| 116         | SubstationCommunication              | -              | D  | 2.11               |       |             |              |            |                | \$ (100,000)     |
| 144         | ChangeManagementTool                 | -              | D  | 2.04               |       |             |              |            |                | \$ (50,000)      |
| 116         | IKE4-PoleAnalysis                    | 15,000         | Y  | 0.00               |       |             |              |            |                |                  |
| 147         | Building Expansion (Bonded)          | \$ 1,324,338   |  |                    |       |             |              |            |                |                  |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

## Customer Focused and Empowered Employees

### RELATIONSHIPS

**Definition:** We will foster a culture that enriches the lives of our customers.

**Included in this area:** We will be proactive, responsive, and dependable in creating partnerships with our customers by listening and anticipating how we can best meet their expectations. We will employ and develop people who are passionate about delivering quality customer service.

#### The future looks like:

We will implement a customer interaction strategy that delivers an improved customer experience including such aspects such as the investment in technology to better communicate with our customers and to enhance the dependability of our infrastructure and status of our service.

We will have developed the systems, processes, and training to continue building a knowledgeable, empowered, and customer-focused workforce.

## Engaged with Our Community

### REPUTATION

**Definition:** We will deliver world-class service to our customers and be a trusted partner.

**Included in this area** is an empowered workforce that acts in the best interest of our customers and the community. Our actions will demonstrate honesty, respect and good faith which will result in us being held in high esteem by our stakeholders

#### The future looks like:

We will have a comprehensive reputation management plan in place that includes our reliability of service, community involvement, customer education, sustainability and contributions to the operation of the City.

We will maintain a greater than 90% customer satisfaction index. We have a culture that aspires beyond customer satisfaction and creates customers that are advocates and promoters of RPU

Our employees will be actively involved in the community at an individual and/or enterprise level.



### Rochester Public Utilities

4000 East River Road  
Rochester, MN 55906  
Phone: 507-280-1500

[www.rpu.org](http://www.rpu.org)



## 2018 - 2020 Strategic Plan Overview

### Mission

*We serve our customers by providing the highest quality services and products. Our experience and resources are used to enrich people's lives, help business prosper and promote the community welfare.*

### Vision

We will set the standard for service.

### Core Values

Safety • Integrity • Service



## Seen as Stewards of the Resources We Impact

### RESPONSIBILITY

**Definition:** We will foster a consistent culture of excellence in achieving and maintaining RPU's responsibilities to our employees, customers, community, external partners, regulators and environment.

**Included in the area** is a commitment to provide the technologies and tools to effectively manage energy and water usage. We will reflect the standards and vision of the community in the selection of resources and programs. We will continue to strive to be good stewards of resources and to treat customers and employees fairly and ethically. We will communicate personal accountability to all our employees and encourage organizational and community involvement. We are vigilant in our commitment to safety and a culture of continuous improvement.

#### The future looks like:

A culture of safety with zero recordable injuries as our standard.

Environmental Stewardship with Renewable Energy Standard compliance, Conservation Improvement Program compliance and zero environmental violations as our goals.

We will invest in our employees to allow them to achieve our organizational expectations of safety, excellence and customer intimacy.

We will continue to seek opportunities to take advantage of innovation in order to reduce risk, develop future services, and enrich the customers and community.

## Maintain Rates that Provide Value and Long Term Financial Stability

### RATES

**Definition:** We will maintain rates that provide value and long-term financial sustainability.

**Included in this area** are rates that are competitive, fair, defensible, and Improve choice/optionality, support innovation, conservation and strategic investments AND sustains financial health, provides a return to community, and supports reliability & responsiveness.

#### The future looks like:

We will align fixed and variable costs with rates to serve each customer class.

Our rates will be competitive with electric and water rates of similar utilities in our areas.

RPU will maintain adequate cash reserves, debt coverage and equity to earn an AA or better bond rating.

## Leaders in Service and System Reliability

### RELIABILITY

**Definition:** We will maintain optimal levels of reliability by balancing system investments and prudent utility practices for both water and electric services without compromising the safety of our employees or the public.

**Included in this area** is the commitment to be proactive with preventative maintenance and infrastructure improvements. We will have a culture of compliance with the regulatory agencies that oversee our electric and water industry.

#### The future looks like:

Water and electric outage indices are above industry standard.

Compliance programs are proactive, dynamic, and resourced.

**ROCHESTER PUBLIC UTILITIES  
ELECTRIC UTILITY  
2019 CAPITAL IMPROVEMENT AND  
MAJOR MAINTENANCE BUDGET**

**INDEX**

| <b><u>Title</u></b>        | <b><u>Pages</u></b> |
|----------------------------|---------------------|
| 5 Year Project List:       |                     |
| Major Maintenance Projects | 1                   |
| Capital Projects           | 2 - 3               |



**ROCHESTER PUBLIC UTILITIES  
CAPITAL AND MAJOR MAINTENANCE PLAN  
MATERIALS, SUPPLIES & SERVICES  
5 YEAR PROJECT LIST**

6.1.a

**ELECTRIC UTILITY  
MAJOR MAINTENANCE  
(\$000's)**

|  | <u>2019</u>  | <u>2020</u>  | <u>2021</u>  | <u>2022</u>  | <u>2023</u>  | <u>5-Yr Total</u> |
|--|--------------|--------------|--------------|--------------|--------------|-------------------|
| <b>Core Services</b>                       |              |              |              |              |              |                   |
| Tree Trimming                              | 1,125        | 2,000        | 2,250        | 2,500        | 2,500        | 10,375            |
| AMI Timing Study                           | 109          | -            | -            | -            | -            | 109               |
| ZR T1 & T2 Regasket                        | 85           | -            | -            | -            | -            | 85                |
| Distribution System Planning Study         | -            | 75           | -            | -            | 75           | 150               |
| Substation Switchgear Analysis Report      | 36           | -            | -            | -            | -            | 36                |
| ArcFlash Study for Downtown                | 70           | -            | -            | -            | -            | 70                |
| Asbestos Mitigation in Manholes            | 50           | -            | -            | -            | -            | 50                |
| <b>Total Core Services</b>                 | <b>1,474</b> | <b>2,075</b> | <b>2,250</b> | <b>2,500</b> | <b>2,575</b> | <b>10,874</b>     |
| <b>Customer Relations</b>                  |              |              |              |              |              |                   |
| Customer Experience Mapping                | -            | 200          | -            | -            | -            | 200               |
| <b>Total Customer Relations</b>            | <b>-</b>     | <b>200</b>   | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>200</b>        |
| <b>Corporate Services</b>                  |              |              |              |              |              |                   |
| Elec Cost-of-Srv/Rate Design Study         | -            | 65           | -            | -            | 70           | 135               |
| CIAC/AFUDC Asset Accounting Conversion     | 80           | -            | -            | -            | -            | 80                |
| Rates Modeling                             | 50           | -            | -            | -            | -            | 50                |
| KPIT Support Contract                      | 300          | 300          | 300          | -            | -            | 900               |
| ERP Option Assessment                      | -            | 200          | -            | -            | -            | 200               |
| <b>Total Corporate Services</b>            | <b>430</b>   | <b>565</b>   | <b>300</b>   | <b>-</b>     | <b>70</b>    | <b>1,365</b>      |
| <b>Compliance and Public Affairs</b>       |              |              |              |              |              |                   |
| Zumbro River Dredging                      | 700          | 100          | -            | -            | -            | 800               |
| <b>Total Compliance and Public Affairs</b> | <b>700</b>   | <b>100</b>   | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>800</b>        |
| <b>Power Resources</b>                     |              |              |              |              |              |                   |
| SLP Decommissioning                        | 25           | 350          | 225          | 450          | 250          | 1,300             |
| U3 ESP Bypass                              | -            | -            | -            | -            | -            | -                 |
| Pond, Clarifier, Yard                      | 80           | -            | -            | -            | -            | 80                |
| RPU Comprehensive Master Plan              | -            | 120          | -            | -            | -            | 120               |
| Allocation - Power Resources               | 410          | 1,085        | 810          | 575          | 550          | 3,430             |
| Allocation - Facilities                    | 180          | 184          | 188          | 191          | 195          | 938               |
| <b>Total Power Resources</b>               | <b>695</b>   | <b>1,739</b> | <b>1,223</b> | <b>1,216</b> | <b>995</b>   | <b>5,868</b>      |
| <b>General Management</b>                  |              |              |              |              |              |                   |
| Operating Contingency Fund                 | 300          | 300          | 300          | 300          | 300          | 1,500             |
| <b>Total General Management</b>            | <b>300</b>   | <b>300</b>   | <b>300</b>   | <b>300</b>   | <b>300</b>   | <b>1,500</b>      |
| <b>Total Outside Expenditures</b>          | <b>3,599</b> | <b>4,979</b> | <b>4,073</b> | <b>4,016</b> | <b>3,940</b> | <b>20,607</b>     |
| <b>Total Internal Expenditures</b>         | <b>238</b>   | <b>359</b>   | <b>107</b>   | <b>107</b>   | <b>120</b>   | <b>931</b>        |
| <b>Total Major Maintenance Plan</b>        | <b>3,837</b> | <b>5,338</b> | <b>4,180</b> | <b>4,123</b> | <b>4,060</b> | <b>21,538</b>     |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

**ROCHESTER PUBLIC UTILITIES  
CAPITAL AND MAJOR MAINTENANCE PLAN  
MATERIALS, SUPPLIES & SERVICES  
5 YEAR PROJECT LIST**

6.1.a

**ELECTRIC UTILITY  
CAPITAL  
(\$000's)**

|   | <u>2019</u>   | <u>2020</u>   | <u>2021</u>   | <u>2022</u>   | <u>2023</u>   | <u>5-Yr Total</u> |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|
| <b>9 Core Services</b>                      |               |               |               |               |               |                   |
| SCADA Upgrade                               | -             | 500           | 1,500         | -             | -             | 2,000             |
| Allocation - New Services                   | <b>1,364</b>  | 1,392         | 1,419         | 1,448         | 1,477         | 7,100             |
| New Service Installations                   | 620           | -             | -             | -             | -             | -                 |
| Overhead Replacements                       | 30            | -             | -             | -             | -             | -                 |
| Annual Underground Cable Replacements (URD) | 503           | -             | -             | -             | -             | -                 |
| Other Projects                              | 140           | -             | -             | -             | -             | -                 |
| Property Damage - Repair/Replace            | 20            | -             | -             | -             | -             | -                 |
| Other Equipment Failures                    | 51            | -             | -             | -             | -             | -                 |
| Load Management Installations               | 12            | 12            | -             | -             | -             | 24                |
| Mobile Meter Reader                         | -             | -             | 30            | -             | 15            | 45                |
| Metering/Shop Test Equipment Upgrade/Repl   | 10            | 15            | 15            | 15            | 15            | 70                |
| Substation/Shop Test Equipment Upgrade/Repl | 60            | 35            | 35            | 35            | 35            | 200               |
| Substation Spares and Replacements          | 20            | -             | 40            | -             | 40            | 100               |
| FCS Radio Read Devices & Wi-Fi              | 15            | -             | -             | -             | -             | 15                |
| Transformer Oil Pump & Filtration Unit      | 235           | -             | -             | -             | -             | 235               |
| Web-Based Service Application               | 13            | -             | -             | -             | -             | 13                |
| Allocation - Metering/AMR                   | 970           | 1,000         | 1,000         | 1,000         | 1,000         | 4,970             |
| Hydro Line Rebuild                          | -             | -             | -             | -             | 250           | 250               |
| Northern Hills 65th St Feeder               | 555           | -             | -             | -             | -             | 555               |
| Feeder 306 Install                          | -             | -             | -             | -             | 300           | 300               |
| Feeder 615 Install                          | -             | -             | -             | 350           | -             | 350               |
| Feeder 715 Install                          | -             | 325           | -             | -             | -             | 325               |
| Feeder 913 Install                          | -             | -             | -             | 300           | -             | 300               |
| Feeder 914 Install                          | -             | -             | -             | 300           | -             | 300               |
| Feeder 1315 Install                         | -             | -             | -             | 250           | -             | 250               |
| Feeder 1602 Install                         | -             | -             | -             | -             | 300           | 300               |
| Feeder 1732 Install                         | 70            | -             | -             | -             | -             | 70                |
| Feeder 1733 Install                         | -             | -             | 200           | -             | -             | 200               |
| Downtown New Duct Systems                   | -             | 110           | 550           | 550           | 800           | 2,010             |
| 65th St - 50th to 60th Ave                  | -             | -             | -             | -             | 500           | 500               |
| 48th St NE                                  | -             | -             | -             | 200           | 200           | 400               |
| Feeder 301 Load Relief                      | -             | -             | -             | -             | 200           | 200               |
| Q2 Rebuild from Bear Creek - RCTC           | -             | -             | -             | -             | 350           | 350               |
| Q4 Rebuild from BV Sub to Salem Rd          | -             | 375           | 385           | -             | -             | 760               |
| Q7 Rebuild to Grade B                       | -             | -             | -             | -             | 400           | 400               |
| Q11 W.C. to new St. Bridget Sub - ROW       | 400           | -             | -             | -             | -             | 400               |
| IBM Substation Upgrade                      | -             | -             | -             | 1,025         | -             | 1,025             |
| Fiber Cascade Creek to Westside             | -             | 195           | -             | -             | -             | 195               |
| Fiber Cascade Creek to Crosstown            | 70            | -             | -             | -             | -             | 70                |
| Fiber OWEF Splice to Chester                | -             | -             | -             | 275           | -             | 275               |
| Small Cell Antennas                         | 200           | 100           | 100           | 100           | 100           | 600               |
| Feeder 1401 & 1411 Bifurcation              | 550           | -             | -             | -             | -             | 550               |
| Marion Rd Substation & Feeder Buildout      | 2,665         | 11,225        | 604           | 270           | -             | 14,763            |
| Hydro Line Reconfig for New Hydro Sub       | -             | -             | -             | 250           | -             | 250               |
| New Padmount Hydro Sub                      | -             | -             | 50            | 400           | -             | 450               |
| New Mayo Feeders                            | -             | 2,500         | 3,000         | -             | -             | 5,500             |
| Substation Communication                    | -             | 100           | 1,350         | -             | -             | 1,450             |
| IKE4 - Pole Analysis                        | 15            | -             | -             | -             | -             | 15                |
| Allocation - Distribution Expansion         | <b>2,750</b>  | 3,978         | 2,871         | 3,786         | 4,592         | 17,977            |
| Feeder Extensions                           | 45            | -             | -             | -             | -             | -                 |
| Feeder Rebuilds                             | 104           | -             | -             | -             | -             | -                 |
| Transmission Projects                       | 27            | -             | -             | -             | -             | -                 |
| Substation Projects                         | 345           | -             | -             | -             | -             | -                 |
| Road Projects                               | 655           | -             | -             | -             | -             | -                 |
| Capacitor Bank Installations                | 149           | -             | -             | -             | -             | -                 |
| Fiber Optic Projects                        | 90            | -             | -             | -             | -             | -                 |
| Distribution Transformers                   | 541           | -             | -             | -             | -             | -                 |
| Overhead to Underground Conversion          | 67            | -             | -             | -             | -             | -                 |
| Manhole Switch Replacements                 | 67            | -             | -             | -             | -             | -                 |
| Manhole Repair/Replace                      | 180           | -             | -             | -             | -             | -                 |
| Mainline Cable Replacement                  | 480           | -             | -             | -             | -             | -                 |
| Survey GPS Replacement                      | -             | -             | -             | -             | 40            | 40                |
| Responder/SCADA Integration                 | -             | 60            | -             | -             | -             | 60                |
| Service Territory Payments                  | 345           | 346           | 348           | 348           | 349           | 1,736             |
| <b>Total Core Services</b>                  | <b>10,319</b> | <b>22,267</b> | <b>13,497</b> | <b>10,902</b> | <b>10,963</b> | <b>67,947</b>     |

**ROCHESTER PUBLIC UTILITIES  
CAPITAL AND MAJOR MAINTENANCE PLAN  
MATERIALS, SUPPLIES & SERVICES  
5 YEAR PROJECT LIST**

6.1.a

**ELECTRIC UTILITY  
CAPITAL  
(\$000's)**

|   | <b>2019</b>    | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   | <b>2023</b>   | <b>5-Yr Total</b> |
|---|----------------|---------------|---------------|---------------|---------------|-------------------|
| <b>Customer Relations</b>                     |                |               |               |               |               |                   |
| CRM   | 912            | -             | -             | -             | -             | 912               |
| Phone Recording & Call Scripts                | -              | 100           | -             | -             | -             | 100               |
| <b>Total Customer Relations</b>               | <b>912</b>     | <b>100</b>    | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>1,012</b>      |
| <b>Corporate Services</b>                     |                |               |               |               |               |                   |
| ERP/Work Mgmt Implementation                  | -              | -             | 1,741         | 1,483         | 124           | 3,348             |
| Operation Technology                          | 150            | 160           | 165           | 175           | 180           | 830               |
| Enterprise Systems and Applications           | -              | -             | 250           | 250           | 250           | 750               |
| Microsoft 365 Implementation - Phase 1        | 50             | -             | -             | -             | -             | 50                |
| Change Management Tool                        | -              | 50            | -             | -             | -             | 50                |
| Internal Firewall                             | 49             | -             | -             | -             | -             | 49                |
| Monitoring Tools                              | -              | 70            | -             | -             | -             | 70                |
| NSX Implementation                            | -              | 50            | -             | -             | -             | 50                |
| Allocation - Technology                       | <b>500</b>     | <b>525</b>    | <b>550</b>    | <b>575</b>    | <b>600</b>    | <b>2,750</b>      |
| Network Management                            | 116            | -             | -             | -             | -             | -                 |
| Output Management                             | 18             | -             | -             | -             | -             | -                 |
| Server Management                             | 74             | -             | -             | -             | -             | -                 |
| Workstation Management                        | 129            | -             | -             | -             | -             | -                 |
| Backup/DR                                     | 59             | -             | -             | -             | -             | -                 |
| Information Risk and Security                 | 4              | -             | -             | -             | -             | -                 |
| Storage Management                            | 100            | -             | -             | -             | -             | -                 |
| Business Systems/Applications                 | -              | -             | -             | -             | -             | -                 |
| City Shared Infrastructure                    | -              | -             | -             | -             | -             | -                 |
| <b>Total Corporate Services</b>               | <b>749</b>     | <b>855</b>    | <b>2,706</b>  | <b>2,483</b>  | <b>1,154</b>  | <b>7,947</b>      |
| <b>Compliance and Public Affairs</b>          |                |               |               |               |               |                   |
| Electric Safety Exhibit                       | -              | 45            | -             | -             | -             | 45                |
| <b>Total Compliance and Public Affairs</b>    | <b>-</b>       | <b>45</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>45</b>         |
| <b>Power Resources</b>                        |                |               |               |               |               |                   |
| U3 BFPs                                       | 500            | -             | -             | -             | -             | 500               |
| U3 Feedwater Flow Bypass                      | 100            | -             | -             | -             | -             | 100               |
| Allocation - Power Resources                  | 761            | 555           | 900           | 545           | 350           | 3,111             |
| Building Expansion                            | 1,117          | -             | -             | -             | -             | 1,117             |
| Design Study to Replace AHU 1-4               | 776            | 1,527         | -             | -             | -             | 2,303             |
| Allocation - Facilities                       | 30             | 31            | 32            | 33            | 34            | 160               |
| Allocation - Fleet                            | 599            | 605           | 649           | 652           | 606           | 3,111             |
| <b>Total Power Resources</b>                  | <b>3,884</b>   | <b>2,718</b>  | <b>1,581</b>  | <b>1,230</b>  | <b>990</b>    | <b>10,403</b>     |
| <b>General Management</b>                     |                |               |               |               |               |                   |
| Project Contingency Fund                      | 700            | 700           | 700           | 700           | 700           | 3,500             |
| <b>Total General Management</b>               | <b>700</b>     | <b>700</b>    | <b>700</b>    | <b>700</b>    | <b>700</b>    | <b>3,500</b>      |
| <b>Total Outside Expenditures</b>             | <b>16,564</b>  | <b>26,685</b> | <b>18,484</b> | <b>15,315</b> | <b>13,807</b> | <b>90,854</b>     |
| <b>Capitalized Interest</b>                   | <b>237</b>     | <b>266</b>    | <b>448</b>    | <b>464</b>    | <b>-</b>      | <b>1,415</b>      |
| <b>Total Internal Expenditures</b>            | <b>3,265</b>   | <b>4,885</b>  | <b>4,008</b>  | <b>5,089</b>  | <b>4,805</b>  | <b>22,053</b>     |
| <b>Less Bonding</b>                           | <b>(1,324)</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>(1,324)</b>    |
| <b>Net Capital Plan</b>                       | <b>18,741</b>  | <b>31,836</b> | <b>22,939</b> | <b>20,868</b> | <b>18,612</b> | <b>112,997</b>    |
| <b>Net Capital and Major Maintenance Plan</b> | <b>22,578</b>  | <b>37,175</b> | <b>27,119</b> | <b>24,991</b> | <b>22,672</b> | <b>134,535</b>    |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

# **ROCHESTER PUBLIC UTILITIES**

**2019**

## **WATER UTILITY**

### **OPERATING BUDGET**

**ROCHESTER PUBLIC UTILITIES  
WATER UTILITY  
2019 OPERATING BUDGET**

**INDEX**

| <b><u>Title</u></b>                    | <b><u>Pages</u></b> |
|--|---------------------|
| Basic Assumptions                      | 1                   |
| Forecast by Year 2018 through 2023     | 2                   |
| Condensed Income Statement             | 3                   |
| Revenue Sources & Expense Categories   | 4                   |
| Operating Expenditures Graph           | 5                   |
| Production & Sales Statistics Forecast | 6                   |

**ROCHESTER PUBLIC UTILITIES  
WATER UTILITY  
2019 OPERATING BUDGET**

**BASIC ASSUMPTIONS**

- Interest Earnings Rate: 0.75%
- Average Salary Expense Change: 3.6%  
(consists of COLA, merit and promotion increases)
- Change in Full-time Equivalents: 1
- Minimum Cash Reserve Requirement: Policy Amount \$7,641,200

**RETAIL REVENUES / SALES**

- Revenue Adjustment: 6.0% proposed
- Water CCF Sales Forecast: 3.12% Increase from 2018 Projected Sales
- Total Water Utility Customers: 1.2% Increase over Y/E 2018 Projected Customers
- Forecast Assumes Normal Weather : 523 Cooling Degree Days,  
23.9 Inches Summer Rainfall

**OTHER ITEMS**

- In Lieu of Tax forecast increasing \$19,000 to a total of \$398,146.

**ROCHESTER PUBLIC UTILITIES  
WATER UTILITY  
Management Reporting P&L**

|   | <b>Historical Data</b> |                   |                   |                   |                   |                   |                   |                 |
|---|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
|   | <b>2016</b>            | <b>2017</b>       | <b>2018 F2</b>    | <b>2019</b>       | <b>2020</b>       | <b>2021</b>       | <b>2022</b>       | <b>2023</b>     |
| in 000's  |                        |                   |                   |                   |                   |                   |                   |                 |
| <b>RPU Rate Increase</b>                                | <b>6.0%</b>            | <b>6.0%</b>       | <b>6.0%</b>       | <b>6.0%</b>       | <b>6.0%</b>       | <b>6.0%</b>       | <b>6.0%</b>       | <b>6.0%</b>     |
| <b>Revenue</b>  |                        |                   |                   |                   |                   |                   |                   |                 |
| Retail Water  | \$8,519                | \$9,121           | \$9,635           | \$10,636          | \$11,388          | \$12,180          | \$13,056          | \$13,982        |
| Other Services & Fees                                   | \$942                  | \$1,091           | \$1,162           | \$1,222           | \$1,244           | \$1,267           | \$1,290           | \$1,314         |
| <b>Total Revenue</b>                                    | <b>\$9,461</b>         | <b>\$10,213</b>   | <b>\$10,798</b>   | <b>\$11,858</b>   | <b>\$12,633</b>   | <b>\$13,447</b>   | <b>\$14,347</b>   | <b>\$15,296</b> |
| <b>Cost of Revenue</b>                                  |                        |                   |                   |                   |                   |                   |                   |                 |
| Water Supply  | \$1,970                | \$1,974           | \$1,896           | \$1,867           | \$1,866           | \$1,851           | \$1,837           | \$1,823         |
| <b>Total Cost of Revenue</b>                            | <b>\$1,970</b>         | <b>\$1,974</b>    | <b>\$1,896</b>    | <b>\$1,867</b>    | <b>\$1,866</b>    | <b>\$1,851</b>    | <b>\$1,837</b>    | <b>\$1,823</b>  |
| <b>Gross Margin</b>                                     |                        |                   |                   |                   |                   |                   |                   |                 |
| Retail Water  | \$6,549                | \$7,147           | \$7,739           | \$8,769           | \$9,522           | \$10,328          | \$11,219          | \$12,159        |
| Other Services & Fees                                   | \$942                  | \$1,091           | \$1,162           | \$1,222           | \$1,244           | \$1,267           | \$1,290           | \$1,314         |
| <b>TOTAL GROSS MARGIN</b>                               | <b>\$7,491</b>         | <b>\$8,239</b>    | <b>\$8,902</b>    | <b>\$9,991</b>    | <b>\$10,767</b>   | <b>\$11,595</b>   | <b>\$12,510</b>   | <b>\$13,473</b> |
| <b>Controllable Costs</b>                               |                        |                   |                   |                   |                   |                   |                   |                 |
| Salaries & Benefits                                     | \$2,368                | \$2,559           | \$2,708           | \$3,095           | \$3,361           | \$3,519           | \$3,686           | \$3,867         |
| Other Operating Expenses                                | \$1,016                | \$1,001           | \$1,370           | \$1,437           | \$1,428           | \$1,336           | \$1,364           | \$1,392         |
| Major Maintenance                                       | \$226                  | \$369             | \$462             | \$502             | \$526             | \$392             | \$428             | \$409           |
| Non-Bonded Capital Projects                             | \$1,957                | \$1,729           | \$3,835           | \$3,775           | \$6,341           | \$6,663           | \$4,730           | \$2,982         |
| <b>TOTAL CONTROLLABLE COSTS</b>                         | <b>\$5,567</b>         | <b>\$5,657</b>    | <b>\$8,375</b>    | <b>\$8,809</b>    | <b>\$11,656</b>   | <b>\$11,910</b>   | <b>\$10,208</b>   | <b>\$8,649</b>  |
| Depreciation & Amortization                             | \$2,525                | \$2,640           | \$2,688           | \$2,770           | \$2,811           | \$2,866           | \$2,936           | \$2,969         |
| Less Non Bonded Projects (capitalized)                  | (\$1,957)              | (\$1,729)         | (\$3,835)         | (\$3,775)         | (\$6,341)         | (\$6,663)         | (\$4,730)         | (\$2,982)       |
| Less Total Internal Costs (capitalized)                 | (\$282)                | (\$266)           | (\$288)           | (\$291)           | (\$305)           | (\$256)           | (\$324)           | (\$248)         |
| Interutility Allocation                                 | \$1,230                | \$1,228           | \$1,349           | \$1,486           | \$1,516           | \$1,546           | \$1,577           | \$1,609         |
| <b>Total Operating Expenses</b>                         | <b>\$7,083</b>         | <b>\$7,530</b>    | <b>\$8,289</b>    | <b>\$8,999</b>    | <b>\$9,337</b>    | <b>\$9,403</b>    | <b>\$9,667</b>    | <b>\$9,998</b>  |
| <b>Net Operating Income (Loss)</b>                      | <b>\$408</b>           | <b>\$708</b>      | <b>\$613</b>      | <b>\$991</b>      | <b>\$1,430</b>    | <b>\$2,192</b>    | <b>\$2,843</b>    | <b>\$3,476</b>  |
| <b>Financing &amp; Other Non-Operating Items:</b>       |                        |                   |                   |                   |                   |                   |                   |                 |
| Bond & Interest Related Expenses                        | \$0                    | \$0               | (\$0)             | \$0               | \$0               | \$0               | \$0               | \$0             |
| Interest Income   | \$63                   | \$89              | \$128             | \$44              | \$32              | \$13              | \$7               | \$19            |
| Misc Non-Operating Income (Expense)                     | (\$17)                 | (\$132)           | \$0               | \$0               | \$0               | \$0               | \$0               | \$0             |
| <b>Total Financing &amp; Non-Operating Items</b>        | <b>\$45</b>            | <b>(\$43)</b>     | <b>\$128</b>      | <b>\$44</b>       | <b>\$32</b>       | <b>\$13</b>       | <b>\$7</b>        | <b>\$19</b>     |
| <b>Income Before Transfers or Capital Contributions</b> | <b>\$453</b>           | <b>\$666</b>      | <b>\$741</b>      | <b>\$1,035</b>    | <b>\$1,462</b>    | <b>\$2,206</b>    | <b>\$2,849</b>    | <b>\$3,494</b>  |
| Transfers (In Lieu of Taxes)                            | (\$363)                | (\$370)           | (\$379)           | (\$398)           | (\$412)           | (\$426)           | (\$441)           | (\$457)         |
| Capital Contributions                                   | \$2,242                | \$2,493           | \$1,100           | \$1,100           | \$1,100           | \$1,100           | \$1,100           | \$1,100         |
| Cash Transfers from City                                | \$513                  | \$303             | \$0               | \$0               | \$0               | \$0               | \$0               | \$0             |
| <b>NET INCOME</b>                                       | <b>\$2,845</b>         | <b>\$3,090</b>    | <b>\$1,462</b>    | <b>\$1,737</b>    | <b>\$2,150</b>    | <b>\$2,880</b>    | <b>\$3,508</b>    | <b>\$4,138</b>  |
| <b>TARGET NET INCOME</b>                                | <b>\$ 3,148</b>        | <b>\$ 3,097</b>   | <b>\$ 3,061</b>   | <b>\$ 3,148</b>   | <b>\$ 3,097</b>   | <b>\$ 3,061</b>   | <b>\$ 3,017</b>   | <b>\$ 3,017</b> |
| <b>Excess (Deficit) from Target</b>                     | <b>\$ (1,411)</b>      | <b>\$ (947)</b>   | <b>\$ (181)</b>   | <b>\$ (411)</b>   | <b>\$ (947)</b>   | <b>\$ (181)</b>   | <b>\$ 490</b>     | <b>\$ 1,120</b> |
| <b>1/01 Cash Balance</b>                                | <b>\$ 5,705</b>        | <b>\$ 7,123</b>   | <b>\$ 6,194</b>   | <b>\$ 5,607</b>   | <b>\$ 2,894</b>   | <b>\$ 692</b>     | <b>\$ 1,054</b>   | <b>\$ 1,054</b> |
| Change in Net Assets                                    | 3,090                  | 1,462             | 1,737             | 2,150             | 2,880             | 3,508             | 4,138             |                 |
| Depreciation & Amortization                             | 2,640                  | 2,688             | 2,770             | 2,811             | 2,866             | 2,936             | 2,969             |                 |
| Capital Additions                                       | (1,995)                | (4,122)           | (4,066)           | (6,646)           | (6,919)           | (5,054)           | (3,229)           |                 |
| Non-Cash Contributions                                  | (2,493)                | (1,100)           | (1,100)           | (1,100)           | (1,100)           | (1,100)           | (1,100)           |                 |
| Debt Principal Payments                                 | -                      | -                 | -                 | -                 | -                 | -                 | -                 |                 |
| Debt Proceeds   | -                      | -                 | -                 | -                 | -                 | -                 | -                 |                 |
| Net Change in Other Assets/Liabilities                  | 175                    | 144               | 72                | 72                | 72                | 72                | 72                |                 |
| <b>Net Changes in Cash</b>                              | <b>1,417</b>           | <b>(929)</b>      | <b>(586)</b>      | <b>(2,714)</b>    | <b>(2,201)</b>    | <b>362</b>        | <b>2,849</b>      |                 |
| <b>12/31 Cash Balance</b>                               | <b>\$ 7,123</b>        | <b>\$ 6,194</b>   | <b>\$ 5,607</b>   | <b>\$ 2,894</b>   | <b>\$ 692</b>     | <b>\$ 1,054</b>   | <b>\$ 3,903</b>   |                 |
| <b>Reserve Policy</b>                                   | <b>\$ 5,429</b>        | <b>\$ 7,671</b>   | <b>\$ 7,641</b>   | <b>\$ 7,102</b>   | <b>\$ 6,495</b>   | <b>\$ 6,286</b>   | <b>\$ 6,458</b>   |                 |
| <b>Excess (Deficit) from Policy</b>                     | <b>\$ 1,694</b>        | <b>\$ (1,477)</b> | <b>\$ (2,034)</b> | <b>\$ (4,209)</b> | <b>\$ (5,802)</b> | <b>\$ (5,232)</b> | <b>\$ (2,555)</b> |                 |
| <b>Cash Balance as % of Reserve Policy</b>              | <b>80.7%</b>           | <b>80.7%</b>      | <b>73.4%</b>      | <b>40.7%</b>      | <b>10.7%</b>      | <b>16.8%</b>      | <b>60.4%</b>      |                 |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

**ROCHESTER PUBLIC UTILITIES  
WATER UTILITY  
Management Reporting P&L**

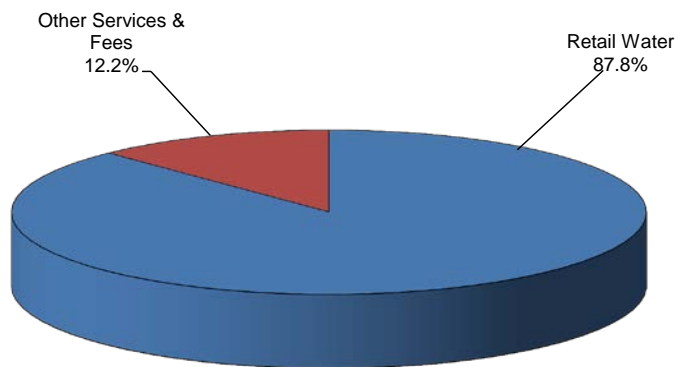
|   | Historical Data |                   | 2018              |                   | 2019              |                            | Variance          | %              |
|---|-----------------|-------------------|-------------------|-------------------|-------------------|----------------------------|-------------------|----------------|
|   | 2016            | 2017              | Orig Bdgt         | 2018 F2           | 2019              | Orig Bdgt (from 2015 COSS) | 2019 to Orig Bdgt | Variance       |
| in 000's  |                 |                   |                   |                   |                   |                            |                   |                |
| <b>Revenue</b>  |                 |                   |                   |                   |                   |                            |                   |                |
| Retail Water  | \$8,519         | \$9,121           | \$9,818           | \$9,635           | \$10,636          | \$8,922                    | \$1,714           | 19.2%          |
| Other Services & Fees                                   | \$942           | \$1,091           | \$1,071           | \$1,162           | \$1,222           | \$812                      | \$410             | 50.4%          |
| <b>Total Revenue</b>                                    | <b>\$9,461</b>  | <b>\$10,213</b>   | <b>\$10,889</b>   | <b>\$10,798</b>   | <b>\$11,858</b>   | <b>\$9,735</b>             | <b>\$2,123</b>    | <b>21.8%</b>   |
| <b>Cost of Revenue</b>                                  |                 |                   |                   |                   |                   |                            |                   |                |
| Water Supply  | \$1,970         | \$1,974           | \$1,774           | \$1,896           | \$1,867           | \$2,170                    | (\$303)           | -13.9%         |
| <b>Total Cost of Revenue</b>                            | <b>\$1,970</b>  | <b>\$1,974</b>    | <b>\$1,774</b>    | <b>\$1,896</b>    | <b>\$1,867</b>    | <b>\$2,170</b>             | <b>(\$303)</b>    | <b>-13.9%</b>  |
| <b>Gross Margin</b>                                     |                 |                   |                   |                   |                   |                            |                   |                |
| Retail Water  | \$6,549         | \$7,147           | \$8,044           | \$7,739           | \$8,769           | \$6,752                    | \$2,017           | 29.9%          |
| Other Services & Fees                                   | \$942           | \$1,091           | \$1,071           | \$1,162           | \$1,222           | \$812                      | \$410             | 50.4%          |
| <b>TOTAL GROSS MARGIN</b>                               | <b>\$7,491</b>  | <b>\$8,239</b>    | <b>\$9,115</b>    | <b>\$8,902</b>    | <b>\$9,991</b>    | <b>\$7,565</b>             | <b>\$2,426</b>    | <b>32.1%</b>   |
| <b>Controllable Costs</b>                               |                 |                   |                   |                   |                   |                            |                   |                |
| Salaries & Benefits                                     | \$2,368         | \$2,559           | \$2,989           | \$2,708           | \$3,095           | \$2,581                    | \$514             | 19.9%          |
| Other Operating Expenses                                | \$1,016         | \$1,001           | \$1,403           | \$1,370           | \$1,437           | \$1,062                    | \$376             | 35.4%          |
| Major Maintenance                                       | \$226           | \$369             | \$507             | \$462             | \$502             | \$340                      | \$162             | 47.6%          |
| Non-Bonded Capital Projects                             | \$1,957         | \$1,729           | \$3,172           | \$3,835           | \$3,775           | \$1,817                    | \$1,959           | 107.8%         |
| <b>TOTAL CONTROLLABLE COSTS</b>                         | <b>\$5,567</b>  | <b>\$5,657</b>    | <b>\$8,071</b>    | <b>\$8,375</b>    | <b>\$8,809</b>    | <b>\$5,799</b>             | <b>\$3,010</b>    | <b>51.9%</b>   |
| Depreciation & Amortization                             | \$2,525         | \$2,640           | \$2,682           | \$2,688           | \$2,770           | \$2,586                    | \$184             | 7.1%           |
| Less Non Bonded Projects (capitalized)                  | (\$1,957)       | (\$1,729)         | (\$3,172)         | (\$3,835)         | (\$3,775)         | (\$1,817)                  | (\$1,959)         | 107.8%         |
| Less Total Internal Costs (capitalized)                 | (\$282)         | (\$266)           | (\$308)           | (\$288)           | (\$291)           | (\$295)                    | \$5               | -1.6%          |
| Interutility Allocation                                 | \$1,230         | \$1,228           | \$1,449           | \$1,349           | \$1,486           | \$1,529                    | (\$43)            | -2.8%          |
| <b>Total Operating Expenses</b>                         | <b>\$7,083</b>  | <b>\$7,530</b>    | <b>\$8,722</b>    | <b>\$8,289</b>    | <b>\$8,999</b>    | <b>\$7,802</b>             | <b>\$1,197</b>    | <b>15.3%</b>   |
| <b>Net Operating Income (Loss)</b>                      | <b>\$408</b>    | <b>\$708</b>      | <b>\$392</b>      | <b>\$613</b>      | <b>\$991</b>      | <b>(\$238)</b>             | <b>\$1,229</b>    | <b>-516.9%</b> |
| <b>Financing &amp; Other Non-Operating Items:</b>       |                 |                   |                   |                   |                   |                            |                   |                |
| Bond & Interest Related Expenses                        | \$0             | \$0               | \$0               | (\$0)             | \$0               | (\$30)                     | \$30              | -100.0%        |
| Interest Income   | \$63            | \$89              | \$13              | \$128             | \$44              | \$0                        | \$44              | 0.0%           |
| Misc Non-Operating Income (Expense)                     | (\$17)          | (\$132)           | \$0               | \$0               | \$0               | (\$1)                      | \$1               | -100.0%        |
| <b>Total Financing &amp; Non-Operating Items</b>        | <b>\$45</b>     | <b>(\$43)</b>     | <b>\$13</b>       | <b>\$128</b>      | <b>\$44</b>       | <b>(\$31)</b>              | <b>\$75</b>       | <b>-243.2%</b> |
| <b>Income Before Transfers or Capital Contributions</b> | <b>\$453</b>    | <b>\$666</b>      | <b>\$405</b>      | <b>\$741</b>      | <b>\$1,035</b>    | <b>(\$269)</b>             | <b>\$1,304</b>    | <b>-485.5%</b> |
| Transfers (In Lieu of Taxes)                            | (\$363)         | (\$370)           | (\$390)           | (\$379)           | (\$398)           | (\$402)                    | \$4               | -0.9%          |
| Capital Contributions                                   | \$2,242         | \$2,493           | \$1,100           | \$1,100           | \$1,100           | \$1,100                    | \$0               | 0.0%           |
| Cash Transfers from City                                | \$513           | \$303             | \$0               | \$0               | \$0               | \$0                        | \$0               | 0.0%           |
| <b>NET INCOME</b>                                       | <b>\$2,845</b>  | <b>\$3,090</b>    | <b>\$1,115</b>    | <b>\$1,462</b>    | <b>\$1,737</b>    | <b>\$430</b>               | <b>\$1,308</b>    | <b>304.3%</b>  |
| <b>1/01 Cash Balance</b>                                | <b>\$ 5,705</b> | <b>\$ 5,534</b>   | <b>\$ 7,123</b>   | <b>\$ 6,194</b>   | <b>\$ 1,871</b>   | <b>\$ 4,323</b>            | <b>231.1%</b>     |                |
| Change in Net Assets                                    | 3,090           | 1,115             | 1,462             | 1,737             | 430               | 1,308                      | 304.3%            |                |
| Depreciation & Amortization                             | 2,640           | 2,682             | 2,688             | 2,770             | 2,586             | 184                        | 7.1%              |                |
| Capital Additions/Service Territory Comp                | (1,995)         | (3,479)           | (4,122)           | (4,066)           | (3,312)           | (754)                      | 22.8%             |                |
| Non-Cash Contributions                                  | (2,282)         | (1,100)           | (1,100)           | (1,100)           | (1,100)           | -                          | 0.0%              |                |
| Debt Principal Payments                                 | -               | 0                 | -                 | -                 | -                 | -                          | 0.0%              |                |
| Debt Proceeds   | -               | 0                 | -                 | -                 | 1,200             | (1,200)                    | -100.0%           |                |
| Net Change in Other Assets/Liabilities                  | (36)            | 169               | 144               | 72                | -                 | 72                         | 0.0%              |                |
| <b>Net Changes in Cash</b>                              | <b>1,417</b>    | <b>(613)</b>      | <b>(929)</b>      | <b>(586)</b>      | <b>(196)</b>      | <b>(390)</b>               | <b>199.0%</b>     |                |
| <b>12/31 Cash Balance</b>                               | <b>\$ 7,123</b> | <b>\$ 4,921</b>   | <b>\$ 6,194</b>   | <b>\$ 5,607</b>   | <b>\$ 1,675</b>   | <b>\$ 3,933</b>            | <b>234.8%</b>     |                |
| <b>Reserve Policy</b>                                   | <b>\$ 5,429</b> | <b>\$ 6,063</b>   | <b>\$ 7,671</b>   | <b>\$ 7,641</b>   | <b>\$ 2,865</b>   | <b>\$ 4,777</b>            | <b>166.7%</b>     |                |
| <b>Excess (Deficit) from Policy</b>                     | <b>\$ 1,694</b> | <b>\$ (1,142)</b> | <b>\$ (1,477)</b> | <b>\$ (2,034)</b> | <b>\$ (1,190)</b> | <b>\$ (844)</b>            | <b>70.9%</b>      |                |
| <b>Cash Balance as % of Reserve Policy</b>              |                 | <b>81.2%</b>      | <b>80.7%</b>      | <b>73.4%</b>      | <b>58.5%</b>      |                            |                   |                |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

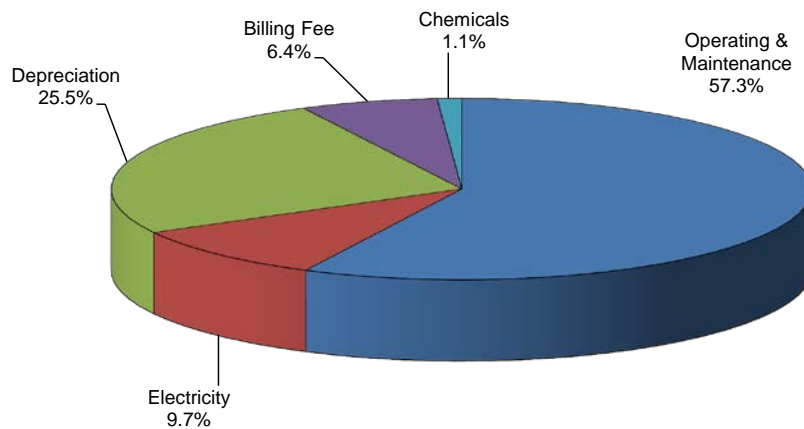


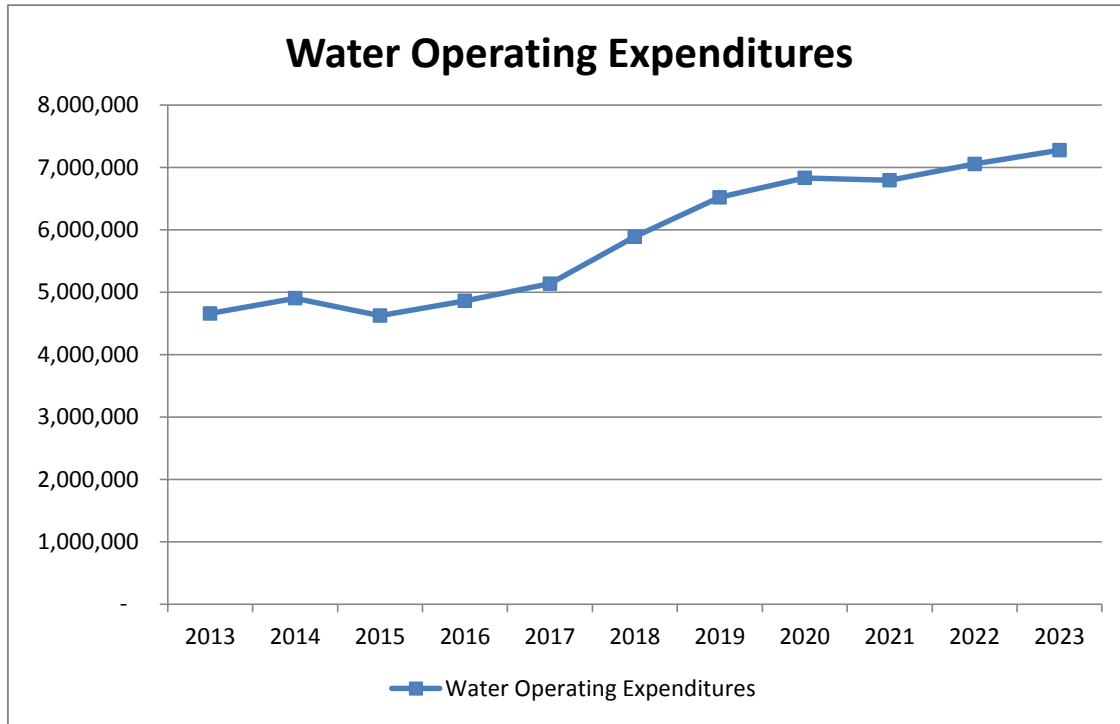
**ROCHESTER PUBLIC UTILITIES  
WATER UTILITY  
2019 OPERATING BUDGET**

**GROSS MARGIN  
\$9,990,824**



**EXPENSE USES  
\$10,866,859**





**ROCHESTER PUBLIC UTILITIES  
PRODUCTION & SALES STATISTICS FORECAST  
WATER UTILITY**

|                     | <b>2018 F2</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> |
|---------------------|----------------|-------------|-------------|-------------|-------------|-------------|
| CCF Pumped          | 6,001,468      | 6,234,201   | 6,326,943   | 6,412,282   | 6,512,439   | 6,607,733   |
| % Change            | -1.3%          | 3.9%        | 1.5%        | 1.3%        | 1.6%        | 1.5%        |
| Retail CCF          | 5,779,150      | 5,959,376   | 6,048,030   | 6,129,607   | 6,225,348   | 6,316,441   |
| % Change            | 0.1%           | 3.1%        | 1.5%        | 1.3%        | 1.6%        | 1.5%        |
| Number of Customers |                |             |             |             |             |             |
| Residential         | 36,580         | 37,009      | 37,438      | 37,868      | 38,297      | 38,726      |
| Commercial          | 3,621          | 3,661       | 3,704       | 3,746       | 3,790       | 3,831       |
| Industrial          | 32             | 32          | 32          | 32          | 32          | 32          |
| Interdepartmental   | 1              | 1           | 1           | 1           | 1           | 1           |
| Total Customers     | 40,234         | 40,703      | 41,175      | 41,647      | 42,120      | 42,590      |
| % Change            | 1.2%           | 1.2%        | 1.2%        | 1.1%        | 1.1%        | 1.1%        |

**ROCHESTER PUBLIC UTILITIES**

**2019**

**WATER UTILITY**

**CAPITAL IMPROVEMENT AND  
MAJOR MAINTENANCE BUDGET**

**ROCHESTER PUBLIC UTILITIES  
WATER UTILITY  
2019 CAPITAL IMPROVEMENT AND  
MAJOR MAINTENANCE BUDGET**

**INDEX**

| <b><u>Title</u></b>  | <b><u>Pages</u></b> |
|----------------------|---------------------|
| 5 Year Project List: |                     |
| Major Maintenance    | 1                   |
| Capital              | 2                   |

**ROCHESTER PUBLIC UTILITIES  
CAPITAL AND MAJOR MAINTENANCE PLAN  
MATERIALS, SUPPLIES & SERVICES  
5 YEAR PROJECT LIST**

**WATER UTILITY  
MAJOR MAINTENANCE  
(\$000's)**

|  | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>5-Yr Total</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------------|
| <b><u>Core Services</u></b>                        |             |             |             |             |             |                   |
| Municipal Well Abandonment                         | 45          | -           | -           | -           | -           |                   |
| Allocation - Water Distribution System Maintenance | 240         | 400         | 265         | 255         | 275         | 1,4               |
| Water Cost-of-Service/Rate Design Study            | 37          | -           | -           | 40          | -           |                   |
| Operating Contingency Fund                         | 70          | 75          | 75          | 80          | 80          | 3                 |
| <b>Total Core Services</b>                         | <b>392</b>  | <b>475</b>  | <b>340</b>  | <b>375</b>  | <b>355</b>  | <b>1,9</b>        |
| <b><u>Compliance and Public Affairs</u></b>        |             |             |             |             |             |                   |
| Old Municipal Wells Sealing Project                | 60          | -           | -           | -           | -           |                   |
| <b>Total Compliance and Public Affairs</b>         | <b>60</b>   | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>-</b>    |                   |
| <b><u>Power Resources</u></b>                      |             |             |             |             |             |                   |
| Allocation - RPU Water Facilities                  | 50          | 51          | 52          | 53          | 54          | 2                 |
| <b>Total Power Resources</b>                       | <b>50</b>   | <b>51</b>   | <b>52</b>   | <b>53</b>   | <b>54</b>   | <b>2</b>          |
| <b>Total Outside Expenditures</b>                  | <b>502</b>  | <b>526</b>  | <b>392</b>  | <b>428</b>  | <b>409</b>  | <b>2,2</b>        |
| <b>Total Internal Expenditures</b>                 | <b>47</b>   | <b>48</b>   | <b>49</b>   | <b>50</b>   | <b>51</b>   | <b>2</b>          |
| <b>Total Major Maintenance Plan</b>                | <b>549</b>  | <b>574</b>  | <b>441</b>  | <b>478</b>  | <b>460</b>  | <b>2,50</b>       |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

**ROCHESTER PUBLIC UTILITIES  
CAPITAL AND MAJOR MAINTENANCE PLAN  
MATERIALS, SUPPLIES & SERVICES  
5 YEAR PROJECT LIST**

**WATER UTILITY  
CAPITAL  
(\$000's)**

|  | <u>2019</u>  | <u>2020</u>  | <u>2021</u>  | <u>2022</u>  | <u>2023</u>  | <u>5-Yr Total</u> |
|--|--------------|--------------|--------------|--------------|--------------|-------------------|
| <b><u>Core Services</u></b>                        |              |              |              |              |              |                   |
| Well & Booster Station Metering                    | 19           | 22           | 23           | 24           | 25           | 111               |
| Bulk Water Dispensing Station                      | -            | 39           | -            | 40           | -            | 79                |
| Well House Manual Switchgear                       | 16           | 17           | 17           | 18           | 18           | 86                |
| Water Leak Correlator                              | -            | 25           | -            | -            | -            | 25                |
| Allocation - Water Distribution System Replacement | <b>115</b>   | 112          | 105          | 96           | 74           | 500               |
| Replacement of Pumping Units                       | 73           | -            | -            | -            | -            | -                 |
| Well Motor Replacements                            | 18           | -            | -            | -            | -            | -                 |
| Installation of Variable Frequency Drive Units     | 24           | -            | -            | -            | -            | -                 |
| Replacement of Booster Pumps                       | -            | -            | -            | -            | -            | -                 |
| Allocation - Water Metering/AMR                    | 300          | 306          | 312          | 318          | 325          | 1,561             |
| New Wells  | 375          | 400          | 482          | 560          | 125          | 1,942             |
| Water Utility Contingency Fund                     | 150          | 175          | 175          | 200          | 200          | 900               |
| New Marion L 1.0MG Reservoir                       | -            | -            | 25           | 1,450        | -            | 1,475             |
| Water Modeling Software                            | -            | 20           | -            | -            | -            | 20                |
| DMC - 12th Ave SW from Center St W to 2nd St SW    | -            | 550          | -            | -            | -            | 550               |
| Building Replacement - Well #26                    | 75           | -            | -            | -            | -            | 75                |
| DMC - 1st Ave SE - Railroad Crossing               | 112          | -            | -            | -            | -            | 112               |
| DMC - 6th & 7th Ave and 3rd St NW Phase 1          | 540          | -            | -            | -            | -            | 540               |
| 1.0MG Baihly High Level Tower                      | -            | 600          | 3,550        | -            | -            | 4,150             |
| DMC - Broadway From Civic Center Dr to 13th St N   | -            | 1,456        | -            | -            | -            | 1,456             |
| DMC - 1st St NW from Broadway to 1st Ave           | -            | 90           | -            | -            | -            | 90                |
| DMC - 2nd St SE from Broadway to 1st Ave           | -            | 75           | -            | -            | -            | 75                |
| DMC - 3rd Ave SE North of 4th St                   | -            | 40           | -            | -            | -            | 40                |
| Allocation - Water Distribution System Expansion   | <b>1,599</b> | 2,224        | 1,778        | 1,867        | 1,960        | 9,428             |
| T&D City Projects                                  | 1,074        | -            | -            | -            | -            | -                 |
| T&D Developer Projects                             | 314          | -            | -            | -            | -            | -                 |
| T&D RPU Projects                                   | 211          | -            | -            | -            | -            | -                 |
| <b>Total Core Services</b>                         | <b>3,301</b> | <b>6,149</b> | <b>6,467</b> | <b>4,572</b> | <b>2,727</b> | <b>23,215</b>     |
| <b><u>Compliance &amp; Public Affairs</u></b>      |              |              |              |              |              |                   |
| Well Conversion                                    | 425          | -            | -            | -            | -            | 425               |
| <b>Total Compliance &amp; Public Affairs</b>       | <b>425</b>   | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>425</b>        |
| <b><u>Power Resources</u></b>                      |              |              |              |              |              |                   |
| Allocation - RPU Water Facilities                  | 20           | 20           | 21           | 22           | 23           | 106               |
| Allocation - Fleet                                 | 29           | 172          | 175          | 136          | 232          | 744               |
| <b>Total Power Resources</b>                       | <b>49</b>    | <b>192</b>   | <b>196</b>   | <b>158</b>   | <b>255</b>   | <b>850</b>        |
| <b>Total Outside Expenditures</b>                  | <b>3,775</b> | <b>6,341</b> | <b>6,663</b> | <b>4,730</b> | <b>2,982</b> | <b>24,491</b>     |
| <b>Total Internal Expenditures</b>                 | <b>291</b>   | <b>305</b>   | <b>256</b>   | <b>324</b>   | <b>248</b>   | <b>1,424</b>      |
| <b>Total Contributed Assets</b>                    | <b>1,100</b> | <b>1,100</b> | <b>1,100</b> | <b>1,100</b> | <b>1,100</b> | <b>5,500</b>      |
| <b>Total Capital Plan</b>                          | <b>5,166</b> | <b>7,746</b> | <b>8,019</b> | <b>6,154</b> | <b>4,329</b> | <b>31,415</b>     |
| <b>Total Capital &amp; Major Maintenance Plan</b>  | <b>5,715</b> | <b>8,320</b> | <b>8,460</b> | <b>6,633</b> | <b>4,789</b> | <b>33,917</b>     |

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

# **ROCHESTER PUBLIC UTILITIES**

**2019**

## **PERSONNEL BUDGET**



**ROCHESTER PUBLIC UTILITIES  
2019 PERSONNEL BUDGET**

**INDEX**

| <b><u>Title</u></b>                              | <b><u>Pages</u></b> |
|--|---------------------|
| Permanent Staff Per Customer Served/Retail Sales | 1                   |
| Permanent and Temporary Staffing Comparison      | 2                   |

**ROCHESTER PUBLIC UTILITIES  
2019 PERSONNEL BUDGET  
Regular Staff Per Customer Served  
And Dollars of Retail Sales**

| <u>Year</u> | <u>Total<br/>Service Points</u> | <u>Retail<br/>Sales \$'s</u> | <u>Authorized<br/>Number of Utility<br/>Employees</u> | <u># Customers<br/>Served Per<br/>Employee</u> | <u>\$'s of Retail<br/>Sales Per<br/>Employee</u> |
|-------------|---------------------------------|------------------------------|---|--|--|
| 2019        | 96,585 <sup>(1)</sup>           | 163,178,237 <sup>(1)</sup>   | 201 <sup>(2)</sup>                                    | 481  | 811,832  |
| 2018        | 95,295 <sup>(1)</sup>           | 160,434,389 <sup>(1)</sup>   | 198 <sup>(2)</sup>                                    | 481  | 810,275  |
| 2017        | 93,981                          | 155,900,173                  | 195   | 482  | 799,488  |
| 2016        | 92,608                          | 150,530,034                  | 186   | 498  | 809,301  |
| 2015        | 90,607                          | 141,348,745                  | 184   | 492  | 768,200  |

**NOTES:** Numbers include combined water and electric utilities.

For Electric Utilities, APPA 2015 Retail Customers per Non-Power-Generation Employee for customer size class of 20K-50K customers, is 314. RPU comparison using this criteria and 2016 data is 317.

(1) Forecasted

(2) Staff changes:

Three potential reclassifications in 2019

Adding three new positions in 2019:

Design Project Coordinator (City Growth)

Customer Service Rep (Wait Time and Abandonment Rate)

Water Project Engineer (City Growth)

**ROCHESTER PUBLIC UTILITIES  
2019 PERSONNEL BUDGET  
Regular and Temporary Staffing  
Total Costs**

| <u>Year</u>              | <u>2018<br/>Original budget</u> | <u>2018<br/>Projected</u> | <u>2019<br/>Estimated</u> | <u>Difference 2018<br/>original to 2019</u> | <u>%<br/>Change</u> |
|--------------------------|---------------------------------|---------------------------|---------------------------|---|---------------------|
| Regular Employees        | \$26,166,203                    | \$24,741,875              | \$26,587,734              | \$421,530                                   | 1.6%                |
| Limited-Term Employees   | \$161,914                       | \$366,093                 | \$177,520                 | \$15,605                                    | 9.6%                |
| Temporary/Contract Labor | <u>\$677,891</u>                | <u>\$608,313</u>          | <u>\$678,060</u>          | <u>\$169</u>                                | <u>0.0%</u>         |
| <b>Total</b>             | \$27,006,008                    | \$25,716,281              | \$27,443,313              | \$437,305                                   | 1.6%                |

NOTE: Estimated cost include base salaries, salary increases, overtime, RPU's share of employee pensions, payroll taxes, and benefits.

**ROCHESTER PUBLIC UTILITIES**

**2019**

**SUPPLEMENTAL DATA**

**CAPITAL / OPERATING BUDGETS**

**ROCHESTER PUBLIC UTILITIES  
2019 SUPPLEMENTAL DATA  
CAPITAL / OPERATING BUDGETS**

**INDEX**

| <b><u>Title</u></b>                           | <b><u>Pages</u></b> |
|---|---------------------|
| Electric & Water Rate Increases vs. Inflation | 1                   |
| Year End Cash Balances                        | 2                   |
| RPU Tax and Tax Equivalents                   | 3                   |

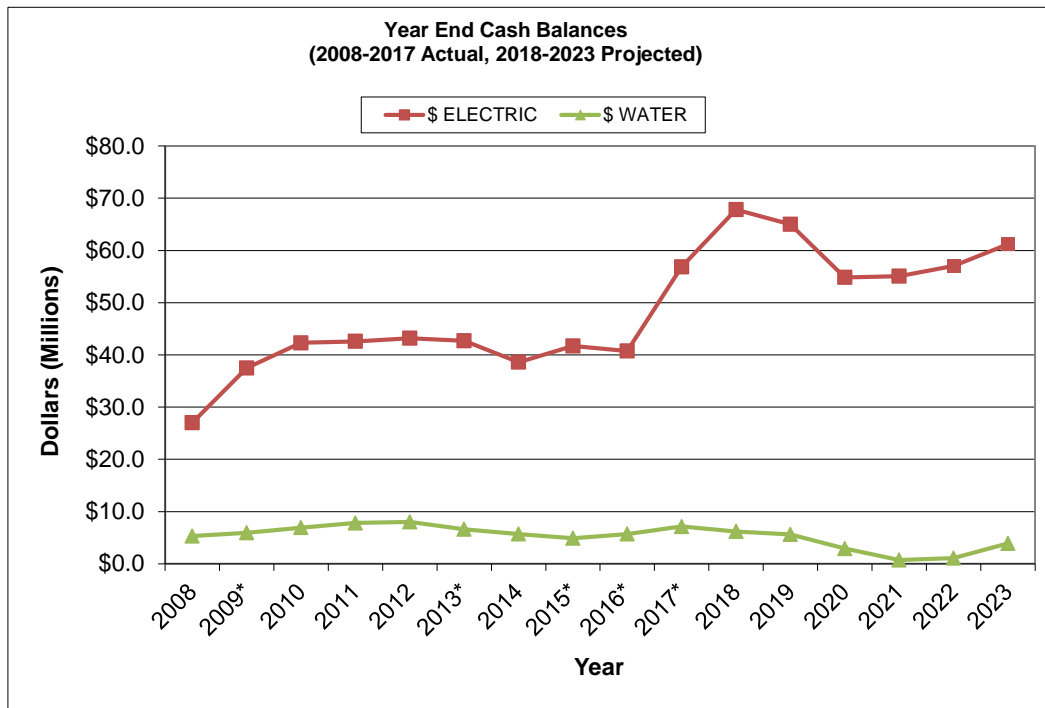
**ROCHESTER PUBLIC UTILITIES  
2019 CAPITAL / OPERATING BUDGETS  
ELECTRIC AND WATER REVENUE CHANGE  
VERSUS INFLATION**

| <u>Year</u>                   | <u>Inflation %</u> | <u>Electric Rates %</u> | <u>Water Rates %</u> | <u>SMMPA Rates %</u> |
|-------------------------------|--------------------|-------------------------|----------------------|----------------------|
| 2019*                         | 2.0%               | 1.9%                    | 6.0%                 | -4.0%                |
| 2018*                         | 2.9%               | 1.5%                    | 6.0%                 | 0.0%                 |
| 2017                          | 2.1%               | 3.7%                    | 6.0%                 | 2.0%                 |
| 2016                          | 1.3%               | 1.7%                    | 6.0%                 | 6.0%                 |
| 2015                          | 0.1%               | 3.5%                    | 3.5%                 | 0.0%                 |
| 2014                          | 1.6%               | 3.0%                    | 1.5%                 | 0.0%                 |
| 2013                          | 1.5%               | 0.0%                    | 0.0%                 | 0.0%                 |
| 2012                          | 2.1%               | 0.0%                    | 0.0%                 | 0.0%                 |
| 2011                          | 3.2%               | 0.0%                    | 0.0%                 | 0.0%                 |
| 2010                          | 1.7%               | 0.0%                    | 0.0%                 | 4.0%                 |
| <b>Annualized<br/>Average</b> | 1.8%               | 1.5%                    | 2.9%                 | 0.8%                 |

\*Estimated Yearly Values

Attachment: 2019 Budget Book (9680 : Preliminary 2019 Water and Electric Budgets and Rates)

**ROCHESTER PUBLIC UTILITIES  
2019 CAPITAL/OPERATING BUDGETS  
YEAR END CASH BALANCES**



Millions of Dollars

| Year  | YEAR-END REMAINING |                        | \$ WATER |
|-------|--------------------|------------------------|----------|
|       | \$ ELECTRIC        | DEBT PROCEEDS ELECTRIC |          |
| 2008  | 27.0               | 8.9                    | 5.3      |
| 2009* | 37.5               | 3.6                    | 5.9      |
| 2010  | 42.3               |                        | 6.9      |
| 2011  | 42.6               |                        | 7.8      |
| 2012  | 43.2               |                        | 8.0      |
| 2013* | 42.7               | 25.9                   | 6.6      |
| 2014  | 38.6               | 15.7                   | 5.7      |
| 2015* | 41.7               | 3.1                    | 4.9      |
| 2016* | 40.8               |                        | 5.7      |
| 2017* | 56.8               | 23.1                   | 7.1      |
| 2018  | 67.8               |                        | 6.2      |
| 2019  | 65.0               |                        | 5.6      |
| 2020  | 54.8               |                        | 2.9      |
| 2021  | 55.1               |                        | 0.7      |
| 2022  | 57.1               |                        | 1.1      |
| 2023  | 61.2               |                        | 3.9      |

\* The Electric Utility has had debt financings of \$34 million in December 2000, \$9.9 million in August 2002, \$5.7 million in March 2005, \$76.7 million in March 2007 which included an advance refunding of the 2000 bond issue in the amount of \$30.2 million, \$6.7 million in September 2009, \$4.0 million in February 2013 to refinance the remaining 2002 issue, \$38.4 million in May 2013, \$39.97 in November 2015 to advance refund the new money portion of the 2007C bond issue, a \$25.0 million temporary borrowing in April 2016, and \$108.3 in February 2017, which included \$23.6 million to refund the remaining portion of the 2007C bond issue and \$20.9 million to pay off the 2016 temporary borrowing. The Water Utility has had debt financings of \$1.5 million in August 2006. There are no proposed future debt financings.

**ROCHESTER PUBLIC UTILITIES  
2019 CAPITAL / OPERATING BUDGETS  
RPU ESTIMATED TAX AND TAX EQUIVALENTS**

|   |                    |
|---|--------------------|
| Utility Licenses, Permits & Penalties     | 495,919            |
| Water Appropriation Fees                  | 58,672             |
| Payment to General Fund                   |                    |
| Electric                                  | 8,880,804          |
| Water                                     | 398,146            |
| Total                                     | <u>9,278,950</u>   |
| Sales Tax - Electric & Water              | 973,355            |
| SMMPA Property Taxes (\$10,030,000 x 42%) | <u>4,212,600</u>   |
| Total Tax & Tax Equivalents               | <u>15,019,496</u>  |
| Electric/Water Retail Sales               | <u>163,837,345</u> |
| % of Electric/Water Retail Sales          | 9.2%               |



## FOR BOARD ACTION

Agenda Item # (ID # 9689)

Meeting Date: 10/30/2018

---

**SUBJECT: RPU Index of Board Policies**

---

**PREPARED BY: Christina Bailey**

---

ITEM DESCRIPTION:

UTILITY BOARD ACTION REQUESTED:

| ROCHESTER PUBLIC UTILITIES                                |               |                             |
|---|---------------|-----------------------------|
| INDEX OF BOARD POLICIES                                   |               |                             |
|   | REVISION DATE | RESPONSIBLE BOARD COMMITTEE |
| <b>BOARD</b>  |               |                             |
| 1. Mission Statement                                      | 6/26/2012     | Policy                      |
| 2. Responsibilities and Functions                         | 3/27/2012     | Policy                      |
| 3. Relationship with the Common Council                   | 2/28/2012     | Policy                      |
| 4. Board Organization                                     | 3/27/2018     | Policy                      |
| 5. Board Procedures                                       | 3/27/2012     | Policy                      |
| 6. Delegation of Authority/Relationship with Management   | 7/24/2018     | Policy                      |
| 7. Member Attendance at Conferences and Meetings          | 6/10/1986     | Policy                      |
| 8. Board Member Expenses                                  | 6/10/1986     | Combine with #7             |
| 9. Conflict of Interest                                   | 11/26/1985    | Delete                      |
| 10. Alcohol and Illegal Drugs                             | 7/28/1988     | Delete                      |
| 11. Worker Safety   | 3/27/2012     | Policy                      |
|   |               |                             |
| <b>CUSTOMER</b>   |               |                             |
| 12. Customer Relations                                    | 5/8/1984      | Ops & Admin                 |
| 13. Customer and Public Information                       | 4/10/1984     | Communications              |
| 14. Application for Service                               | 7/1/2016      | Ops & Admin                 |
| 15. Electric Utility Line Extension Policy                | 3/28/2017     | Finance                     |
| 16. Billing, Credit and Collections Policy                | 7/25/2017     | Finance                     |
| 17. Electric Service Availability                         | 4/28/1998     | Ops & Admin                 |
| 18. Water and Electric Metering                           | 6/26/2018     | Ops & Admin                 |
| 19. Electric & Water Bill Adjustment                      | 3/10/1994     | Finance                     |
| 20. Rates   | 7/25/2017     | Finance                     |
| 21. Involuntary Disconnection                             | 4/24/2018     | Communications              |
|   |               |                             |
| <b>ADMINISTRATIVE</b>                                     |               |                             |
| 22. Acquisition and Disposal of Interest in Real Property | 12/19/2017    | Ops & Admin                 |
| 23. Electric Utility Cash Reserve Policy                  | 1/13/2017     | Finance                     |
| 24. Water Utility Cash Reserve Policy                     | 1/13/2017     | Finance                     |
| 25. Charitable Contributions                              | 11/26/1985    | Communications              |
| 26. Utility Compliance                                    | 10/24/2017    | Communications              |
| 27. Contribution in Lieu of Taxes                         | 6/29/1999     | Finance                     |
| 28. Debt Issuance (PENDING)                               | PENDING       | Finance                     |
| 29. Joint-Use of Fixed Facilities and Land Rights         | 10/8/1996     | Ops & Admin                 |
| 30. Customer Data Policy                                  | 10/9/2014     | Communications              |
| 31. Life Support  | 10/9/2014     | Communications              |
| 32. Undergrounding Policy                                 | PENDING       | Ops & Admin                 |
|   |               |                             |
| Red - Currently being worked on                           |               |                             |
| Yellow - Will be scheduled for revision                   |               |                             |