



## MEETING AGENDA – NOVEMBER 20, 2018

COMMUNITY ROOM  
4000 EAST RIVER ROAD NE  
ROCHESTER, MN 55906

4:00 PM

### **Call to Order**

- 1. Approval of Agenda**
- 2. Approval of Minutes**

1. Public Utility Board - Regular Meeting - Sep 25, 2018 4:00 PM
2. Public Utility Board - Regular Meeting - Oct 30, 2018 4:00 PM

### **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.)*

### **3. Regular Agenda**

1. 2019 Water Utility Rate Adjustment  
Resolution: Approval of the 2019 Water Utility Rate Adjustment
2. 2019 Water Utility Budget  
Resolution: Approval of the 2019 Water Utility Budget
3. 2019/2020 Electric Utility Rate Adjustment  
Resolution: Approval of the 2019/2020 Electric Utility Rate Adjustment
4. 2019 Electric Utility Budget  
Resolution: Approval of the 2019 Electric Utility Budget

### **4. 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>*



## 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. 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). Vice President Johnson stated that while she is in favor of the project, she must abstain from voting due to conflict of interest.

*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. 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.*

## 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

Minutes Acceptance: Minutes of Sep 25, 2018 4:00 PM (Approval of Minutes)



## MEETING MINUTES – OCTOBER 30, 2018

COMMUNITY 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. 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

### 2. Safety Moment

President Morgan made recommendations for wearing the proper personal protection equipment (PPE) when working at home or on the job.

### 3. Approval of Minutes

- Public Utility Board - Regular Meeting - Sep 25, 2018 4:00 PM
- Motion to:** amend the minutes as noted and table approval of the minutes until the next meeting

*The Board requested that the Minutes of September 25, 2018 be amended in regard to the vote on the Lake Zumbro dredging project. The amended Minutes will be brought to the Board for approval at the November 13, 2018 meeting.*

*Following some questioning by Board Member Mark Browning, General Manager Mark Kotschevar stated that SMMPA's Integrated Resource Plan (IRP) has been accepted by the Minnesota Public Utilities Commission (MPUC); RPU will share information on best times of use for appliances in its monthly newsletter Plugged In; and a request has been filed for a re-hearing in the FERC Joint Pricing Zone 16 docket by a group of transmission owners and Xcel Energy.*

<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

### 4. Approval of Accounts Payable

Minutes Acceptance: Minutes of Oct 30, 2018 4:00 PM (Approval of Minutes)

1. A/P Board listing
2. **Motion to:** approve the a/p board listing as presented

*President Morgan inquired about a customer refund amount of \$37,118.34 on line 28. General Manager Mark Kotschevar replied that RPU worked with the customer to calculate the refund due to a billing error.*

*Board Member Michael Wojcik declared his abstention to line 157.*

<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. Eleven people came forward to speak.

Judie Guhl, of Rochester, read a letter she submitted to the Board regarding customer service charges. Board Member Michael Wojcik stated that the Board will provide her with the cost break down of the charges.

Alan Hoffman, of Rochester, spoke in favor of time of use pricing.

Anna Froehling, of Rochester, spoke in favor of the exchanges between Rochester and the delegation from Germany.

H. Hamburger, of Rochester, spoke regarding fixed charges.

C. Wigen, of Rochester, spoke regarding fixed charges.

Ray Schmitz, of Rochester, spoke regarding fees.

Tom Williamson, of Rochester, asked that rates reflect the RPU values.

Rick Morris, of Rochester, spoke regarding rates and climate.

Vikas Prasad, of Rochester, spoke in favor of renewable energy.

Keith Framsted, of Rochester, spoke in opposition to the new storm water billing process.

Board Member Tim Haskin thanked the public for coming to speak.

President Morgan stated that the Board is still debating the proposed 1.9% rate increase, and thanked all for their comments.

## 5. Regular Agenda

### 1. Revocable Permit, HWY 52S Jaguar Communication

*Senior Electrical Engineer Steven Cook stated that Jaguar Communication approached RPU to use an existing unused 500 feet of conduit crossing under highway 52 near 20th Street Southwest in exchange for usage of 11,500 feet of two strands of dark fiber 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 Southwest Rochester. Mr. Cook asked the Board to approve the agreement, which has been reviewed and approved by the City Attorney.*

Resolution: Revocable Permit, HWY 52S Jaguar Communication

*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.*

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

### 2. Risk Property, General Liability and Automotive Insurance Renewals for 2018

*Business Services Manager Deb Donahue presented the annual utility insurance renewal contracts to the Board for approval. The term of the policies will be November 1, 2018 to October 31, 2019. Ms. Donahue advised that rates increased this year by six percent.*

*All risk property insurance coverage is provided by Wortham Insurance through ARGUS and is based on a policy limit of \$250 million, with a \$100,000 deductible for property and transformers and a \$250,000-\$400,000 deductible for turbine generators. Renovations to the RPU Service Center will be added to the policy when construction is completed. The annual premium is \$301,408.*

*Liability and commercial auto insurance coverage is provided by the League of Minnesota Cities Insurance Trust, with coverage up to \$1.5 million in accordance with Minnesota statutory limits. Cyber protection and data breach coverage is also included in the coverage. The annual premium is \$138,180. Blanket excess liability coverage is provided by AEGIS (Associated Electric and Gas Insurance Services Ltd.) with limits from \$1M up to \$20M, and includes terrorism liability coverage. The annual premium is \$307,353.*

*Board Member Mark Browning asked what is driving the rate increases. Mark Hayford of North Risk Partners stated rates have risen from increased claims due to nation-wide natural disasters. Mr. Browning asked if environmental coverage is included. Ms. Donahue stated it is covered under excess liability.*

Resolution: All Risk Property Insurance

*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 THREE HUNDRED ONE THOUSAND FOUR HUNDRED EIGHT AND 00/100 DOLLARS (\$301,408.00).*

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

Resolution: Commercial Automobile and General Liability Insurance

*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.*

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

Resolution: Excess General Liability Insurance

*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.*

<b>RESULT:</b>	<b>ADOPTED [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. Electric Service Territory Agreement

*General Manager Mark Kotschevar presented to the Board for approval an electric service territory agreement with People's Energy Cooperative covering a term backdated to 2013 through 2023, allowing RPU to acquire electric service rights to areas annexed into the City of Rochester. The agreement will apply to services installed in properties annexed after January 1, 2013. Mill rate compensation under the agreement will be 25.5 mills (\$0.0255) per kilowatt-hour. A past agreement with People's Coop executed in 2008 and canceled in the beginning of 2013 had a mill rate ranging from 15 mills (\$0.015) to 16.79 (\$0.01679).*

*Rochester City Attorney Jason Loos and Kaela Brennen, RPU's outside service territory counsel, support approval of the agreement, and the People's Energy Cooperative Board of Directors approved the agreement at their September 28, 2018 board meeting.*

*Board Member Michael Wojcik asked what kind of annexations can be expected, in consideration of the City of Rochester's comprehensive plan. Mr. Kotschevar replied that annexations are developer driven, and are dependent on the economy.*

Resolution: Electric Service Territory Agreement

*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 30<sup>th</sup> day of October, 2018.*

<b>RESULT:</b>	<b>ADOPTED [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

6. Informational

1. Preliminary 2019 Water and Electric Budget and Rates

*Director of Corporate Service Peter Hogan presented to the Board RPU's proposed 2019 water and electric capital and operating budgets and rates. A rate increase of 1.9 percent in 2019 and 2.5 percent in 2020 is proposed for the electric utility, and a 6.0 percent increase in 2019 is proposed for the water utility. The rate increases are based on the cost of service studies presented to and accepted by the Board in 2015 for water and 2017 for electric. A separate Board study session on rate structure was held immediately following the Board meeting. Mr. Hogan stated that rate structure is comprised of two components: the revenue requirement and the rate design.*

*The Board was asked to approve advertising the rate proposals in the newspaper of record to allow time for public input, a motion was made by Board Member Michael Wojcik and seconded by Vice President Johnson; motion passed. Final approval of the budgets and rates will be presented to the Board at the November 13, 2018 special budget meeting. If approved, the budget and rates will be placed on the Rochester City Council agenda for approval at their November 19, 2018 meeting.*

**7. Board Liaison Reports**

General Manager Mark Kotschevar said that the Board Member Attendance at Conferences and Meetings policy is being revised and will be presented to the Board for approval at the November 27, 2018 meeting.

**8. General Managers Report**

General Manager Mark Kotschevar distributed a letter from RPU's financial auditors, Baker Tilly Virchow Krause, to the Board members regarding their standard practices.

Mr. Kotschevar reported that the Badger Coulee agreement with Southern Minnesota Municipal Power Association (SMMPA) for a CapX 345kV transmission line being built from La Crosse, Wisconsin to Madison, Wisconsin should go to the SMMPA Board for approval next month.

Mr. Kotschevar, Director of Compliance and Public Affairs Steven Nyhus, and Assistance City Attorney Patricia Alfredson attended the APPA (American Public Power Association) Legal & Regulatory Conference in Charleston, South Carolina, on October 7-10, 2018. Mr. Kotschevar said that one notable session was a NERC (North American Electric Reliability Corporation) compliance program presentation and as a result, RPU will be bringing the speaker to RPU for consultation on strengthening its compliance program. Other notable topics from the conference were the dramatic rise in transmission expenses nation wide, and a session on how to construct a battery storage contract.

**9. Division Reports & Metrics**

President Morgan thanked RPU staff for adding the increased safety section in the Safety, Compliance and Public Affairs division report. He also thanked staff for adding the RPU Board email button on the Contact Us page of the RPU website facilitating public communication to the Board members.

**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.ig2.com/Citizens/Default.aspx>*

Submitted by:

\_\_\_\_\_  
Secretary

Approved by the Board

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

\_\_\_\_\_  
Date

Minutes Acceptance: Minutes of Oct 30, 2018 4:00 PM (Approval of Minutes)

## FOR BOARD ACTION

Agenda Item # (ID # 9736)

Meeting Date: 11/20/2018

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**SUBJECT: 2019 Water Utility Rate Adjustment**

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**PREPARED BY: Peter Hogan**

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**ITEM DESCRIPTION:**

Rochester Home Rule Charter Chapter 15.05, Subd. 3 states, *“The public utility board may adopt, amend, and rescind such rules and regulations as it may deem necessary for the control, management, and operation of the public utilities under its jurisdiction. The board shall, with the concurrence of the common council, fix the rates to be charged for the availability and use of the public utility commodities and services under its jurisdiction. Rates shall be **reasonable and compensatory** so as to cover all of the costs of the respective public utility and **shall be uniform for all consumers within the same class**, but different rates may be established for different classifications by the board. Rates within the city corporate limits may be less but shall be no greater than rates for the same classification outside the city limits.”*

Based on the Charter, the RPU Board has further developed a policy for determining rates. The main objective of the policy is, *“to recover, through the application of rates and charges for utility services, revenues which are sufficient to meet the financial obligations of each independent utility enterprise. Further, the Board intends to apply rates and charges which are equitable among customer or classes of customers based on generally accepted industry rate-making principles.”*

With this guidance, staff conducted a Cost of Service Study for the water utility during 2015. The Board, during a study session on June 30, 2015, instructed management to recommend:

1. a levelized three year rate track;
2. aligned fixed cost with fixed charges and variable costs with variable charges;
3. aligned rates by the cost of services for each class of customer as required in our charter;
4. allocated rate changes 1/3 to commodity charge and 2/3 to customer charge which reflects the breakdown of the overall percentage change needed to align with costs based on the study;
5. adopting the utility method of rate setting that sets a targeted change in net assets (Net Income), minimum cash reserve level and when debt is present, a debt coverage ratio.

The Board approved the postponement of the 2018 Water Utility Cost of Service Study until 2019 to allow the results of the water main replacement study conducted during 2018 to be included in the updated Cost of Service Study. The 2015 study anticipated needing a 6% general rate increase in 2019 to meet the target change in net assets as projected using the utility method of rate setting as adopted in 2015.

## FOR BOARD ACTION

Agenda Item # (ID # 9736)

Meeting Date: 11/20/2018

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On October 18, 2018 with the finance committee of the Board and at the October 30, 2018 full Utility Board meeting, staff presented the 2019 water utility budget which included the proposed 6.0% general revenue increase for 2019. This proposed budget supports and provides for prudent investments in infrastructure while working toward a sound financial position.

The water cost of service study and proposed water rates assumes normal growth and replacement of infrastructure. Unfunded DMC projects or other large unanticipated expenses may impact the financial projection for future years.

The impact of the rate track attached on the average residential customer using 6.4 CCF monthly is \$0.76 per month. The commodity charge for 1 CCF ranges from \$0.86 to \$1.07, so conservation of 1 CCF per month would offset the proposed rate change in most cases.

Based on the Boards consensus at the October 30, 2018 meeting, a notice of the proposed revenue adjustment of up to 6.0% was provided to the public via the newspaper of record on November 1, 2019.

Automated meter reading opt-out language has been added to the respective tariffs along with an additional opt out fee in the miscellaneous fee schedule based on board policy. No other changes were made to the miscellaneous fee schedule from the 2018 approved fees.

Management requests that the Board approve the fee schedules and rate adjustments for 2019 and recommend the City Council approve a one year general rate increase for 2019 of 6.0%.

### UTILITY BOARD ACTION REQUESTED:

Request approval and recommendation to the City Council to approve a one year overall general water rate increase of 6.0% according to the attached rate tariffs and fee schedule, effective on or about January 1, 2019.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE WTR-C  
SHEET 1 OF 2**
**WATER SERVICE**
**AVAILABILITY:**

At all locations within the Rochester City limits and at locations external to the City limits, that have been authorized by the Rochester Common Council.

**MONTHLY RATE:**

<u>Customer Charge:</u>	<u>Size of Meter</u>	<u>2018</u>	<u>2019</u>
	5/8"	\$ 7.50	\$ 7.95
	3/4"	\$ 10.66	\$ 11.30
	1"	\$ 17.14	\$ 18.17
	1-1/2"	\$ 33.07	\$ 35.05
	2"	\$ 52.21	\$ 55.34
	3"	\$ 97.13	\$ 102.96
	4"	\$ 161.15	\$ 170.82
	6"	\$ 321.20	\$ 340.47
	8"	\$ 574.42	\$ 608.89

<u>Commodity Charge Rate/CCF:</u>	<u>2018</u>	<u>2019</u>
Residential 0 - 7 CCF	81.3¢	86.2¢
7.01 - 12 CCF	88.5¢	93.8¢
12.01 and over CCF	100.5¢	106.5¢

Commercial	81.3¢	86.2¢
Industrial	81.3¢	86.2¢
Interdepartmental	81.3¢	86.2¢
Irrigation Meter (All Classes)	100.5¢	106.5¢

NOTE: Customers whose service is taken outside the Rochester city limits with individual water systems not connected to the City water system shall have a rate of 2.0 times the customer and commodity charges.

**MINIMUM BILL:**

Applicable monthly customer charge according to size of meter provided.

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service furnished under this rate schedule is subject to connection policies of the Rochester City Council.
2. Service furnished under this rate schedule is subject to provisions of RPU's Water Service Rules and Regulations.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE WTR-C  
SHEET 1 OF 2**

3. RPU shall not be liable for damage or loss sustained by customer in conjunction with taking service under this rate.
4. Water furnished under this rate shall not be resold.
5. This tariff assumes use of metering technology capable of being read using automated equipment. Customers choosing the option to have a meter that is not capable of being read using automated equipment, thus requiring a manual reading, are subject to a monthly surcharge. Additional one-time meter change-out fees also apply. (See the RPU Miscellaneous Fee Schedule for the amount of the monthly surcharge and the one-time meter change-out fees).

Attachment: 2019-2020 Water Rate Tariff Proposed (9736 : 2019 Water Utility Rate Adjustment)

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE FHFC  
SHEET 1 OF 1**

**FIRE HYDRANT FACILITIES CHARGE**

**APPLICABILITY:**

To all residential and commercial and industrial water utility customers.

**MONTHLY RATE:**

<u>Customer Class</u>	<u>2018</u>	<u>2019</u>
Residential	<del>\$ .90</del>	\$ .95
Commercial/Industrial	<del>\$ 3.70</del>	\$ 3.90

**BILLINGS:**

Billings will be on a monthly basis.

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
2. The rate will not be applied to water service meters that are used exclusively for irrigation purposes.
3. The rate will not be applied to water service meters that are not connected to the City's central water system.
4. The rate will be applied regardless of the property's water service status (active or non-active).

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**MISCELLANEOUS FEES  
SHEET 2 of 2**

**2019 MISCELLANEOUS FEES  
WATER UTILITY**

	<u><b>2019 Rate</b></u>
Water Main Tapping Fee ¾"	\$225.00
Water Main Tapping Fee 1 "	\$225.00
Water Main Tapping Fee 4 "	\$760.00
Water Main Tapping Fee 6 "	\$760.00
Water Main Tapping Fee 8 "	\$760.00
Water Main Tapping Fee 10 "	\$760.00
Water Main Tapping Fee 12 "	\$760.00
 Frozen Meter Repair	 \$ 90.00
 Optional Non-AMR Meter Change out Fee Water	 \$ 80.00
Optional Non-AMR Meter Monthly Fee per premise	\$ 55.00
 Hydrant Meter Rental	
Flat fee for installation and Retrieval (plus tas)	\$120.00
Addition for 1" Meter	\$ 40.00
Addition for 2-3" Meter	\$ 80.00
 Unauthorized Use – Valve or Hydrant (Per Occurance)	 \$500.00
 Water Leak Detection	
1 person	\$170.00
2 people	\$320.00
 Curb Box Operation	 \$ 50.00
 Meter Removal Fee	 \$ 50.00
 Meter Installation Fee	 \$ 50.00
 Frozen Pipes – per man hour	 \$ 85.00
 After Hours Tower Access	 \$130.00

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

Attachment: 2019-2020 Water Rate Tariff Proposed (9736 : 2019 Water Utility Rate Adjustment)



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an overall general rate increase for 2019 of 6.0% according to the attached tariff effective on or about January 1, 2019.

BE IT FURTHER RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve an overall 6.0% water utility rate increase according to the attached tariff effective on or about January 1, 2019

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 20th day of November, 2018.

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President

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Secretary

## FOR BOARD ACTION

**Agenda Item #      (ID # 9737)**

**Meeting Date: 11/20/2018**

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**SUBJECT: 2019 Water Utility Budget**

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**PREPARED BY: Peter Hogan**

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**ITEM DESCRIPTION:**

The preliminary budget for the water utility was presented to the finance and audit committee on October 18, 2018 and the full Board on October 30, 2018, and incorporates a 6% general rate increase. The three year rate track approved in 2015 included a 6% rate increase for each year 2016, 2017 and 2018 and anticipated a 6.0% rate increase in 2019.

The significant drivers for the 2019 Water Utility budget are:

- o Adoption of the utility method (Industry Standard) of rate setting
- o Sustainability: Rates set to recover revenue requirement and based on cost of service
- o Establishing targeted change in net assets to fund operations and future capital replacements - \$3,148K; Current Budget \$ 1,737K
- o Establishing targeted minimum cash reserves - Per policy \$7,641K; Current Budget \$5,607K
- o Addition of one FTE, Project Engineer, driven by growth of the City
- o Increase in water main replacements in conjunction with street reconstructions (\$1,074K)
- o New well and well house replacement (375K)

The budget supports the need for continued investment in infrastructure for both growth and replacement, while working toward funding the maintenance and replacement reserves to avoid large unfunded outlays of capital in future years.

Summary financial sheets are attached reflecting the recommended budget. Staff will be available to answer questions.

**UTILITY BOARD ACTION REQUESTED:**

Management recommends that the Board approve and request City Council approval of the 2018 RPU Water Utility operating and capital budget.

# **ROCHESTER PUBLIC UTILITIES**

**2019**

## **WATER UTILITY**

### **OPERATING BUDGET**

Attachment: Board Packet Wtr (9737 : 2019 Water Utility 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: Board Packet Wtr (9737 : 2019 Water Utility Budget)

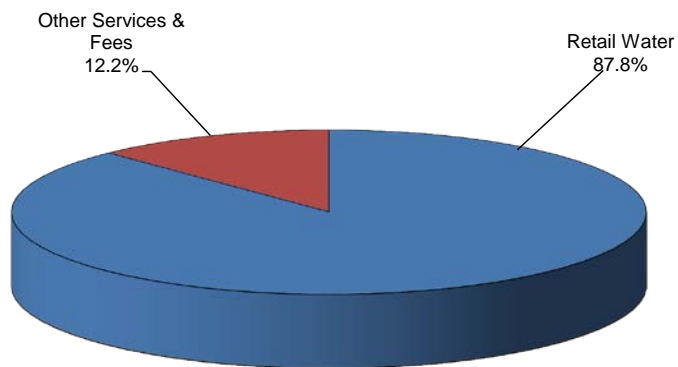
**ROCHESTER PUBLIC UTILITIES  
WATER UTILITY  
Management Reporting P&L**

	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>			

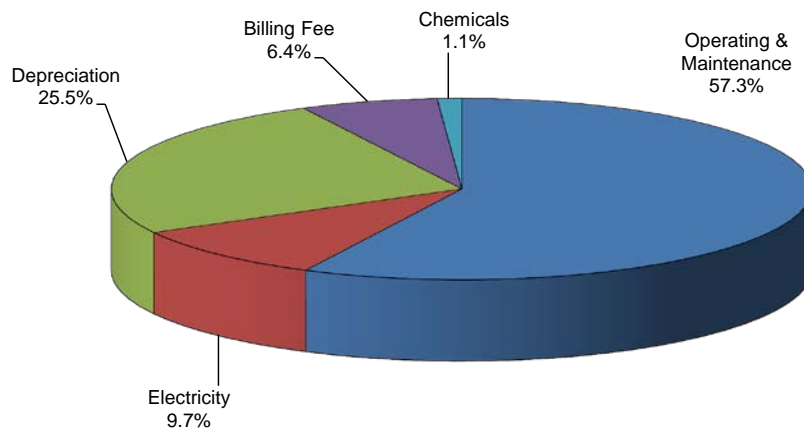
Attachment: Board Packet Wtr (9737 : 2019 Water Utility Budget)

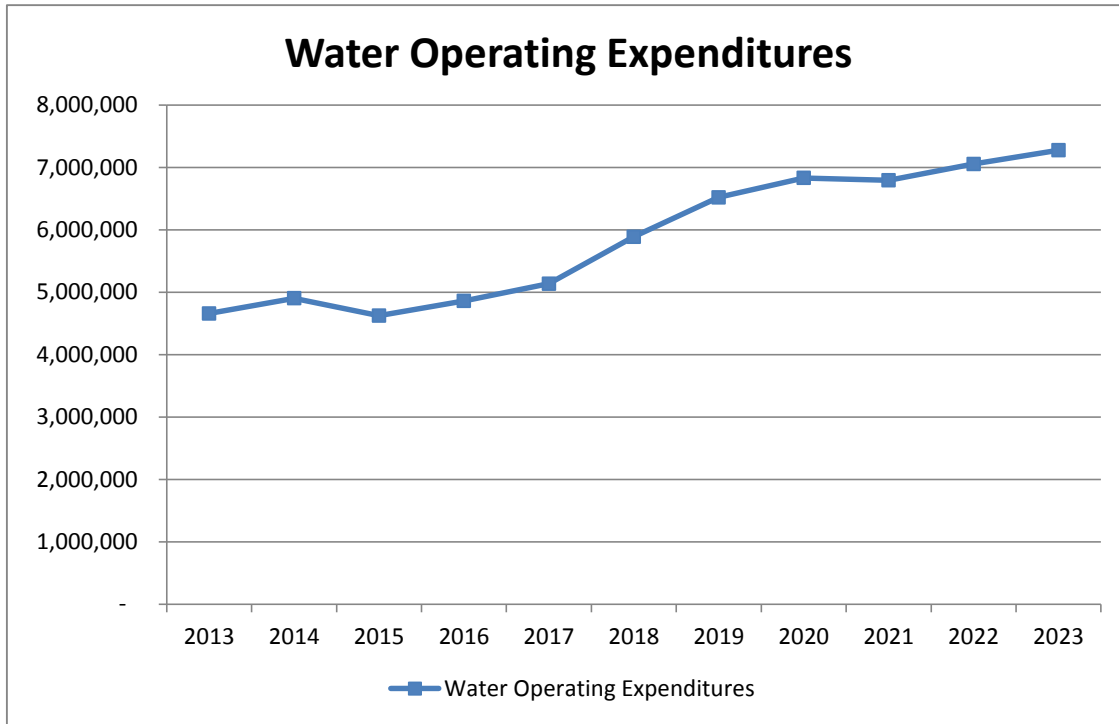
**ROCHESTER PUBLIC UTILITIES  
WATER UTILITY  
2019 OPERATING BUDGET**

**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%

Attachment: Board Packet Wtr (9737 : 2019 Water Utility Budget)

**ROCHESTER PUBLIC UTILITIES**

**2019**

**WATER UTILITY**

**CAPITAL IMPROVEMENT AND  
MAJOR MAINTENANCE BUDGET**

Attachment: Board Packet Wtr (9737 : 2019 Water Utility 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: Board Packet Wtr (9737 : 2019 Water Utility Budget)

**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: Board Packet Wtr (9737 : 2019 Water Utility Budget)



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the  
2019 water utility capital and operating budgets as submitted

BE IT FURTHER RESOLVED by the Public Utility Board of the City of Rochester, Minnesota,  
that the Common Council of the said City is requested to approve the  
2019 water utility capital and operating budgets.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 20th day of  
November, 2018.

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President

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Secretary

## FOR BOARD ACTION

Agenda Item # (ID # 9738)

Meeting Date: 11/20/2018

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**SUBJECT: 2019/2020 Electric Utility Rate Adjustment**

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**PREPARED BY: Peter Hogan**

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ITEM DESCRIPTION:

Rochester Home Rule Charter Chapter 15.05, Subd. 3 states, *"The public utility board may adopt, amend, and rescind such rules and regulations as it may deem necessary for the control, management, and operation of the public utilities under its jurisdiction. The board shall, with the concurrence of the common council, fix the rates to be charged for the availability and use of the public utility commodities and services under its jurisdiction. Rates shall be **reasonable and compensatory** so as to cover all of the costs of the respective public utility and shall be **uniform for all consumers within the same class**, but different rates may be established for different classifications by the board. Rates within the city corporate limits may be less but shall be no greater than rates for the same classification outside the city limits."*

Based on the Charter the RPU Board has further developed a policy for determining rates. The main objective of the policy is, *"to recover, through the application of rates and charges for utility services, revenues which are sufficient to meet the financial obligations of each independent utility enterprise. Further, the Board intends to apply rates and charges which are equitable among customer or classes of customers based on the Utility Basis of (generally accepted industry) rate-making principles."*

With this guidance staff conducted a Cost of Service Study for the electric utility during 2017. The study results were presented to the Board July 25, 2017. The study was accepted and placed on file.

During the October 18<sup>th</sup>, 2018 budget review by the Finance Committee of the Board and October 30, 2018 full Board review of the 2019 budget and 2020 projection for the electric utility, management recommended that the Board approve a 1.9% and a 2.5% overall general rate increase for 2019 and 2020, respectively.

The Board gave its preliminary consensus for an overall general rate increase of up to 1.9% for 2019 and 2.5% for 2020 at the October 30, 2018 Board meeting. A notice of the proposed revenue adjustment was provided to the public via the newspaper of record on Thursday, November 1<sup>st</sup>, 2018 and on the RPU web site.

It is staff's recommendation the Board continue the long standing practice of moving rates to cost of service and adopt the cost of service study recommendations for the customer, energy and demand charges. Based on discussion from last meeting, included below is the impact to the residential customer of keeping the customer charge at its current level and applying the increase to the energy rate.

## FOR BOARD ACTION

**Agenda Item # (ID # 9738)**

**Meeting Date: 11/20/2018**

The impact on a typical 2019 monthly residential electric bill with the following use will be:

Residential Average Monthly Usage	\$20.50 Customer Charge (COS)	\$19.50 Customer Charge
400 kWh	\$1.11	\$0.81
600 kWh	\$1.46	\$1.50
1,000 kWh	\$2.14	\$2.88

Includes average 2019 Power Cost Adjustment impact of (\$0.57)

The impact on a typical 2020 monthly residential electric bill with the following use compared to 2019 Cost of Service based rate will be:

Residential Average Monthly Usage	\$21.60 Customer Charge (COS)	\$20.50 Customer Charge
400 kWh	\$0.16	(\$0.18)
600 kWh	\$0.56	\$0.60
1,000 kWh	\$1.35	\$2.16

Includes average 2020 Power Cost Adjustment impact of (\$1.74)

Automated meter reading opt-out language has been added to the respective tariffs along with an additional opt out fee in the miscellaneous fee schedule based on board policy. No other changes were made to the miscellaneous fee schedule from the 2018 approved fees.

### UTILITY BOARD ACTION REQUESTED:

Determine the allocation between customer charge and energy charge for the residential customer class.

Approve and recommend to the City Council the fees and overall rate increase of 1.9% in 2019 and 2.5% in 2020 to take effect on or about January 1, 2019 and 2020, respectively, according to the attached fee schedules and rate tariffs attached.



## 2019 Rate Schedules

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE RES  
SHEET 1 OF 1**
**RESIDENTIAL SERVICE**
**AVAILABILITY:**

At all locations where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. Where service desired by the customer is not adjacent to the premises to be served, additional contract arrangements may be required prior to service being furnished.

**APPLICATION:**

To electric service required for residential purposes in individual private dwellings and in individually metered apartments when such service is supplied at one point of delivery and measured through one meter. Existing single metered, multi-unit dwellings having not in excess of three separate dwelling units in the same structure may be served under this rate.

**CHARACTER OF SERVICE:**

Single phase, 60 Hertz, 120/240 volts alternating current.

<b>RATE:</b>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Customer Charge:	<del>\$19.50</del>	\$ TBD	\$TBD
Energy Charge:			
Non Summer Energy / kWh	<del>10.193¢</del>	TBD¢	TBD¢
Summer Energy / kWh	<del>12.212¢</del>	TBD¢	TBD¢

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>MINIMUM BILL per month:</b>	<del>\$19.50</del>	\$TBD	\$TBD

**PAYMENT:** Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
2. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
3. Energy furnished under this rate shall not be resold.
4. **This tariff assumes use of metering technology capable of being read using automated equipment. Customers choosing the option to have a meter that is not capable of being read using automated equipment, thus requiring a manual reading, are subject to a monthly surcharge. Additional one-time meter change-out fees also apply. (See the RPU Miscellaneous Fee Schedule for the amount of the monthly surcharge and the one-time meter change-out fees).**

Approved by Rochester Public Utility Board:  
Effective Date:

November 20, 2018  
January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE RES-DF  
SHEET 1 OF 2**

**RESIDENTIAL SERVICE - DUAL FUEL**

**AVAILABILITY:**

Available only to existing dual fuel customers transferred from People's Cooperative Power Association's (PCPA) electrical system to RPU's system as part of RPU's electric service territory acquisitions.

**APPLICATION:**

To electric heating service required for residential purposes in individual private buildings. Such electric heating load shall be metered separately from the rest of the service.

**CHARACTER OF SERVICE:**

Single phase, 60 Hertz, 120/240 volts alternating current.

**RATE:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Energy Charge / kWh	<del>7.513¢</del>	TBD¢	TBD¢

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**MINIMUM BILL:**

Energy usage.

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service under this rate is only for electric heating. All other electrical loads shall be metered under the RES residential service rate.
2. Customer must keep his or her alternate fuel source heating system in satisfactory operating condition.
3. RPU reserves the right to transfer RES-DF customers from the primary electric heat source to the alternate fuel source at any such time that the electric heating load would add to RPU's monthly electric peak.
4. Customers that remove existing dual fuel heating systems shall not be eligible for the RES-DF rate with replacement heating systems.
5. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.

**ROCHESTER PUBLIC UTILITIES  
(RPU)****RATE SCHEDULE RES-DF  
SHEET 2 OF 2**RESIDENTIAL SERVICE - DUAL FUEL (Cont.)**CONDITIONS OF DELIVERY: (cont.)**

6. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
7. Energy furnished under this rate shall not be resold.
8. This tariff assumes use of metering technology capable of being read using automated equipment. Customers choosing the option to have a meter that is not capable of being read using automated equipment, thus requiring a manual reading, are subject to a monthly surcharge. Additional one-time meter change-out fees also apply. (See the RPU Miscellaneous Fee Schedule for the amount of the monthly surcharge and the one-time meter change-out fees).

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE RESELGEO  
SHEET 1 OF 2**
RESIDENTIAL SERVICE – HIGH EFFICIENCY HVAC
**AVAILABILITY:**

To RPU residential customers that:

1. Use either an air source or ground source heat pump system as the only source of heating and cooling in their home.
2. Use an electric water heater (usually connected to a desuperheater on the heat pump) as their only source of domestic water heating.
3. Receive prior approval of the equipment from RPU. Note that equipment must be rated by the Air-Conditioning, Heating, and Refrigeration Institute (AHRI)\*, and at the time of installation, meet the minimum efficiency requirements found on the Residential Electric Efficiency Rebate Application in effect at the time. The current application is available at [www.rpu.org](http://www.rpu.org).

\*For air source and ground source heat pumps the efficiency ratings are determined using the Air-Conditioning, Heating, and Refrigeration Institute's (AHRI) directory, which may be found at [www.ahridirectory.org](http://www.ahridirectory.org).

**APPLICATION:** Electric service required for residential purposes in individual private dwellings where service is supplied at one point of delivery and measured through one meter.

**CHARACTER OF SERVICE:**

Single phase, 60 hertz, 120/240 volts alternating current.

**RATE:**

	<u>2018</u>	<u>2018</u>	<u>2020</u>
Customer Charge	<del>\$19.50</del>	\$ TBD	\$ TBD
Energy Charge:			
Winter first 600 kWh	<del>10.193¢</del>	TBD¢	TBD¢
Winter over 600 kWh	<del>8.708¢</del>	TBD¢	TBD¢
Summer kwh	<del>12.212¢</del>	TBD¢	TBD¢

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE RESELGEO  
SHEET 2 OF 2**

RESIDENTIAL SERVICE – HIGH EFFICIENCY HVAC (Cont.)

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**MINIMUM BILL:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>MINIMUM BILL per month:</b>	<del>\$19.50</del>	\$ TBD	\$ TBD

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service under this rate is only for air-source or ground-source heat pump systems that meet the stated efficiency requirements as explained in the Availability subhead of this rate schedule.
2. Service provided under this rate is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
3. Energy provided under this rate shall not be resold.
4. RPU shall not be liable for any damage or loss sustained by the customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
5. This tariff assumes use of metering technology capable of being read using automated equipment. Customers choosing the option to have a meter that is not capable of being read using automated equipment, thus requiring a manual reading, are subject to a monthly surcharge. Additional one-time meter change-out fees also apply. (See the RPU Miscellaneous Fee Schedule for the amount of the monthly surcharge and the one-time meter change-out fees).

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

Attachment: 2019-2020 Electric Rate Tariff Proposed (9738 : 2019/2020 Electric Utility Rate Adjustment)

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE GS  
SHEET 1 OF 2**
GENERAL SERVICE
**AVAILABILITY:**

At all locations for loads of less than 75 kW where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. For loads where the service desired by the customer is not adjacent to the premises to be served, additional contract arrangements may be required prior to service being furnished.

**APPLICATION:**

To commercial, industrial, governmental, and other types of general service customers with all service taken at one point and measured through one meter. Also applicable to temporary service in accordance with RPU's published Electric Service Rules and Regulations. Not applicable to standby service.

**CHARACTER OF SERVICE:**

Single or three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

<b>RATE:</b>	<u><del>2018</del></u>	<u>2019</u>	<u>2020</u>
Customer Charge	<del>\$40.00</del>	\$41.00	\$42.00
Energy Charge:			
Non-Summer kWh	<del>10.329¢</del>	10.343¢	10.941¢
Summer kWh	<del>12.714¢</del>	13.312¢	13.312¢

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

	<u><del>2018</del></u>	<u>2019</u>	<u>2020</u>
<b>MINIMUM BILL per month:</b>	<del>\$40.00</del>	\$41.00	\$42.00

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.

**ROCHESTER PUBLIC UTILITIES  
(RPU)****RATE SCHEDULE GS  
SHEET 2 OF 2**GENERAL SERVICE (Cont.)**CONDITIONS OF DELIVERY (cont.):**

2. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected, or operated in parallel, with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.
3. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
4. Energy furnished under this rate shall not be resold.
5. This tariff assumes use of metering technology capable of being read using automated equipment. Customers choosing the option to have a meter that is not capable of being read using automated equipment, thus requiring a manual reading, are subject to a monthly surcharge. Additional one-time meter change-out fees also apply. (See the RPU Miscellaneous Fee Schedule for the amount of the monthly surcharge and the one-time meter change-out fees).

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE GS-HEF  
SHEET 1 OF 2**
GENERAL SERVICE - HIGH EFFICIENCY HVAC
**AVAILABILITY:**

At all locations for loads of less than 75 kW where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served and to customers who:

1. Use either an air source or ground source heat pump system as the only source of heating and cooling in their facility.
2. Use an electric water heater (usually connected to a desuperheater on the heat pump) as the only source of water heating.
3. Receive prior approval of the equipment from RPU. Note that equipment must be rated by the Air-Conditioning, Heating, and Refrigeration Institute (AHRI)\* and at the time of installation, meet the minimum efficiency requirements found on the Commercial Heat Pumps Rebate Application in effect at the time. The current application is available at [www.rpu.org](http://www.rpu.org).
4. Service under this rate must be separately metered from other facility loads.

\*For air source and ground source heat pumps the efficiency ratings are determined using the Air-Conditioning, Heating and Refrigeration Institute's (AHRI) directory, which may be found at [www.ahridirectory.org](http://www.ahridirectory.org) Note: Other all-electric HVAC systems may be considered for this rate if they meet the stated efficiency standards. To have a system considered, customers must submit an engineering analysis documenting the efficiency of the system.

**APPLICATION:**

To commercial, industrial, governmental, and other types of General Service customers reconfiguring their current electric service, or adding a new service, to separately meter their high efficiency HVAC equipment. Not applicable to standby service.

**CHARACTER OF SERVICE:**

Single or three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

**RATE:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Customer Charge	<del>\$40.00</del>	\$41.00	\$42.00
Energy Charge:			
Non Summer / kWh	<del>8.955¢</del>	8.628¢	9.127¢
Summer / kWh	<del>12.714¢</del>	13.312¢	13.312¢

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>MINIMUM BILL</b> per month	<del>\$40.00</del>	\$41.00	\$42.00

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE GS-HEF  
SHEET 2 OF 2**

GENERAL SERVICE - HIGH EFFICIENCY HVAC (Cont.)

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service under this rate is only for air source or ground source heat pumps and any other all-electric systems that meet the stated efficiency requirements as explained in the Availability subhead of this rate schedule.
2. Service under this rate must be separately metered from other facility loads.
3. Since the HVAC system must be separately metered for this rate, the customer is responsible for any rewiring and its associated costs.
4. Service provided under this rate is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
5. Energy provided under this rate shall not be resold.
6. RPU shall not be liable for any damage or loss sustained by the customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
7. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected, or operated in parallel, with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.
8. This tariff assumes use of metering technology capable of being read using automated equipment. Customers choosing the option to have a meter that is not capable of being read using automated equipment, thus requiring a manual reading, are subject to a monthly surcharge. Additional one-time meter change-out fees also apply. (See the RPU Miscellaneous Fee Schedule for the amount of the monthly surcharge and the one-time meter change-out fees).

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE GS-TOU  
SHEET 1 OF 2**
GENERAL SERVICE - TIME-OF-USE
**AVAILABILITY:**

At all locations for loads of less than 75 kW where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. For loads where the service desired by the customer is not adjacent to the premises to be served, additional contract arrangements may be required prior to service being furnished. RPU reserves the right to limit both the number of customers and the amount of load taken under this rate schedule.

**APPLICATION:**

To commercial, industrial, governmental, and other types of general service customers with all service taken at one point and measured through one meter. All electrical requirements at one location shall be taken under this rate schedule. Not applicable to temporary or standby service.

**CHARACTER OF SERVICE:**

Single or three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

RATE:	<u>2018</u>	<u>2019</u>	<u>2020</u>
Customer Charge:	<del>\$40.00</del>	\$41.00	\$42.00
Energy Charge:			
Non-Summer Energy:			
On-peak Energy / kWh	<del>17.732¢</del>	17.921¢	18.154¢
Off-peak Energy / kWh	<del>5.964¢</del>	6.153¢	6.386¢
Summer Energy:			
On-peak Energy / kWh	<del>22.178¢</del>	22.367¢	22.600¢
Off-peak Energy / kWh	<del>-6.332¢</del>	6.521¢	6.754¢

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

Definition of On-Peak Energy: All energy used by the customer between the hours of 10:00 a.m. and 10:00 p.m. Monday through Friday.

Definition of Off-Peak Energy: All energy used by the customer that is not on-peak energy.

\*Customer Charge: Customer charge per month plus any additional meter charge for costs above RPU's standard GS meter costs.

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE GS-TOU  
SHEET 2 OF 2**

GENERAL SERVICE - TIME-OF-USE (Cont.)

**MINIMUM BILL:**

Customer charge per month.

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service under this rate will be made available at the option of the general service customer, subject to the availability of the necessary TOU metering equipment.
2. Customers converting to the GS-TOU rate from the GS rate shall make a one-time payment to RPU for any conversion cost above the normal cost to install GS-TOU metering.
3. A customer may switch back to the GS rate providing the customer gives RPU at least 60 days notice and agrees to pay any metering conversion costs.
4. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
5. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected, or operated in parallel, with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.
6. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
9. Energy furnished under this rate shall not be resold.
10. This tariff assumes use of metering technology capable of being read using automated equipment. Customers choosing the option to have a meter that is not capable of being read using automated equipment, thus requiring a manual reading, are subject to a monthly surcharge. Additional one-time meter change-out fees also apply. (See the RPU Miscellaneous Fee Schedule for the amount of the monthly surcharge and the one-time meter change-out fees).

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE MGS  
SHEET 1 OF 2**
**MEDIUM GENERAL SERVICE**
**AVAILABILITY:**

At all locations for loads where the demand is at least 75 kW or more for three or more billing periods in a given calendar year, but less than 1,000 kW, and where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. For loads where the service desired by the customer is not adjacent to the premises to be served, additional contract arrangements may be required prior to service being furnished. Customers with minimum loads of at least 50kW for three or more billing periods in a given calendar year but less than 75 kW can choose to be classified as Medium General Service (MGS) and be billed under the MGS rate schedule below. The choice, once elected, is irrevocable for 12 billing periods, and remain in force unless revoked in writing by the customer.

**APPLICATION:**

To commercial, industrial, and governmental customers with all service taken at one point and measured through one meter. Also applicable to temporary service in accordance with RPU's published Electric Service Rules and Regulations. Not applicable to standby service.

**CHARACTER OF SERVICE:**

Single or three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

<b>RATE:</b>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Demand Charge:			
Non-Summer /KW	<del>\$16.830</del>	\$17.830	\$19.370
Summer /KW	<del>\$22.060</del>	\$24.060	\$24.060
Energy Charge:			
Non-Summer / kWh	<del>5.870¢</del>	5.650¢	5.650¢
Summer / kWh	<del>5.870¢</del>	5.650¢	5.650¢

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**POWER FACTOR ADJUSTMENT:**

The customer agrees to maintain an average power factor of 0.95 or greater for the billing period and to prevent a leading power factor. If the customer's average power factor is less than 0.95 for the billing period, the billing demand will be determined by multiplying the measured demand by 0.95 and dividing the results by the customer's average power factor. The average power factor is defined to be the quotient obtained by dividing the kWh used during the month by the square root of the sum of the squares of the kWh used and the lagging reactive kilovoltampere-hours supplied during the same period. The customer's average power factor will be determined by means of permanently installed meters.

**PRIMARY METER DISCOUNT:**

Customers approved for metering at 13.8 kV will receive a discount of 1.25% on base rate charges for measured demand and energy.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE MGS  
SHEET 2 OF 2**

MEDIUM GENERAL SERVICE (Cont.)

**TRANSFORMER OWNERSHIP CREDIT:**

Customers owning transformers will receive a credit on each month's measured demand.

	<u><del>2018</del></u>	<u>2019</u>	<u>2020</u>
Credit per KW	<del>\$0.35</del>	\$0.35	\$0.35

**DETERMINATION OF DEMAND:**

Measured demand is defined as the maximum rate at which energy is used for any period of fifteen consecutive minutes during the billing period. The billing demand shall be the greater of the measured demand for the billing period adjusted for power factor, or 50% of the maximum measured demand for the most current June-September billing periods adjusted for power factor. Billing periods may not coincide with calendar months.

**MINIMUM BILL:**

The minimum bill shall not be less than the billing demand, as provided above, whether or not energy is used.

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
2. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected or operated in parallel with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.
3. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
4. Energy furnished under this rate shall not be resold.

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

Attachment: 2019-2020 Electric Rate Tariff Proposed (9738 : 2019/2020 Electric Utility Rate Adjustment)

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE MGS-HEF  
SHEET 1 OF 3**

**MEDIUM GENERAL SERVICE - HIGH EFFICIENCY HVAC**

**AVAILABILITY:**

At all locations for loads where the demand is at least 75 kW or more for three or more billing periods in a given calendar year, but less than 1,000 kW, and where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served, and to customers who:

1. Use either an air source or ground source heat pump as the only source of heating and cooling in their facility.
2. Use an electric water heater (usually connected to a desuperheater on the heat pump) as the only source of water heating.
3. Receive prior approval of the equipment from RPU. Note that equipment must be rated by the Air-Conditioning, Heating, and Refrigeration Institute (AHRI)\* and at the time of installation, meet the minimum efficiency requirements found on the Commercial Heat Pumps Rebate Application in effect at the time. The current application is available at [www.rpu.org](http://www.rpu.org).
4. Service under this rate must be separately metered from other facility loads.

\*For air source and ground source heat pumps the efficiency ratings are determined using the Air-Conditioning, Heating and Refrigeration Institute's (AHRI) directory, which may be found at [www.ahridirectory.org](http://www.ahridirectory.org).

Note: Other all-electric HVAC systems may be considered for this rate if they meet the stated efficiency standards. To have a system considered, customers must submit an engineering analysis documenting the efficiency of the system.

**APPLICATION:**

To commercial, industrial, governmental, and other types of Medium General Service customers reconfiguring their current electric service, or adding a new service, to separately meter their high efficiency HVAC equipment. Not applicable to standby service.

**CHARACTER OF SERVICE:**

Single or three phase 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE MGS-HEF  
SHEET 2 OF 3**
MEDIUM GENERAL SERVICE - HIGH EFFICIENCY HVAC (Cont.)

<b>RATE:</b>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Demand Charge per KW:			
Non-Summer	<del>\$15.000</del>	\$16.500	\$17.500
Summer	<del>\$20.640</del>	\$20.640	\$21.000
Energy Charge per kWh:			
Non-Summer	<del>4.888¢</del>	4.724¢	4.650¢
Summer	<del>5.985¢</del>	5.881¢	6.212¢

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**POWER FACTOR ADJUSTMENT:**

The customer agrees to maintain an average power factor of 0.95 or greater for the billing period and to prevent a leading power factor. If the customer's average power factor is less than 0.95 for the billing period, the billing demand will be determined by multiplying the measured demand by 0.95 and dividing the results by the customer's average power factor. The average power factor is defined to be the quotient obtained by dividing the kWh used during the month by the square root of the sum of the squares of the kWh used and the lagging reactive kilovoltampere-hours supplied during the same period. The customer's average power factor will be determined by means of permanently installed meters.

**PRIMARY METER DISCOUNT:**

Customers approved for metering at 13.8 kV will receive a discount of 1.25% on base rate charges for measured demand and energy.

**TRANSFORMER OWNERSHIP CREDIT:**

Customers owning transformers will receive a credit on each month's measured demand.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Credit per KW	<del>\$0.35</del>	\$0.35	\$0.35

**DETERMINATION OF DEMAND:**

Measured demand is defined as the maximum rate at which energy is used for any period of fifteen consecutive minutes during the billing period. The billing demand shall be the greater of the measured demand for the billing period adjusted for power factor, or 50% of the maximum measured demand for the most current June-September billing periods adjusted for power factor (referred to as ratchet). Billing periods may not coincide with calendar months.

For an existing facility reconfiguring its current electric service to come under this rate by separately metering its high efficiency HVAC equipment, the ratchet will be removed from the current electric service. The ratchet will be effective beginning in October following the first separately metered high efficiency HVAC service during one of the summer billing periods, June-September.

At that time the ratchet will be reapplied to the current electric service and will be applied for the first time to the high-efficiency HVAC service.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE MGS-HEF  
SHEET 3 OF 3**

MEDIUM GENERAL SERVICE - HIGH EFFICIENCY HVAC (Cont.)

**MINIMUM BILL:**

The minimum bill shall not be less than the billing demand, as provided above, whether or not energy is used.

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service under this rate is only for air source or ground source heat pumps and any other all-electric HVAC systems that meet the stated efficiency requirements as explained in the Availability subhead of this rate schedule.
2. Service under this rate must be separately metered from other facility loads.
3. Since the HVAC system must be separately metered for this rate, the customer is responsible for any rewiring and its associated costs.
4. Service provided under this rate is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
5. Energy provided under this rate shall not be resold.
6. RPU shall not be liable for any damage or loss sustained by the customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
7. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected, or operated in parallel, with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE MGS-TOU  
SHEET 1 OF 3**
MEDIUM GENERAL SERVICE - TIME-OF-USE
**AVAILABILITY:**

At all locations for loads where the demand is at least 75 kW or more for three or more billing periods in a given calendar year, but less than 1,000 kW, and where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. For loads where the service desired by the customer is not adjacent to the premises to be served, additional contract arrangements may be required prior to service being furnished. RPU reserves the right to limit both the number of customers and the amount of load taken under this rate schedule.

**APPLICATION:**

To commercial, industrial, and governmental customers with all service taken at one point and measured through one meter. All electrical requirements at one location shall be taken under this rate schedule. Not applicable to temporary or standby service.

**CHARACTER OF SERVICE:**

Single or three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

**RATE:**

Meter Charge: Any additional meter charge for costs above RPU's standard MGS meter costs.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Non-Summer :			
On-peak Demand / KW	<del>\$16.830</del>	\$17.830	\$19.370
Off-peak Demand/ KW	<del>\$ 1.933</del>	\$ 1.933	\$ 1.933
Energy Charge / kWh	<del>5.870¢</del>	5.724¢	5.699¢
Summer:			
On-peak Demand / KW	<del>\$22.060</del>	\$24.060	\$24.060
Off-peak Demand / KW	<del>\$ 1.933</del>	\$ 1.933	\$ 1.933
Energy Charge / kWh	<del>5.870¢</del>	5.724¢	5.699¢

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

Definition of On-Peak Demand: The maximum kW used by the customer in any fifteen-minute period between the hours of 10:00 a.m. and 10:00 p.m. Monday through Friday.

Definition of Off-Peak Demand: The maximum kW used by the customer in any fifteen-minute period during the off-peak period.

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE MGS-TOU  
SHEET 2 OF 3**

MEDIUM GENERAL SERVICE - TIME-OF-USE (Cont.)

**POWER FACTOR ADJUSTMENT:**

The customer agrees to maintain an average power factor of 0.95 or greater for the billing period and to prevent a leading power factor. If the customer's average power factor is less than 0.95 for the billing period, the billing demand will be determined by multiplying the measured demand by 0.95 and dividing the results by the customer's average power factor. The average power factor is defined to be the quotient obtained by dividing the kWh used during the month by the square root of the sum of the squares of the kWh used and the lagging reactive kilovoltampere-hours supplied during the same period. The customer's average power factor will be determined by means of permanently installed meters.

**PRIMARY METER DISCOUNT:**

Customers approved for metering at 13.8 kV will receive a discount of 1.25% on base rate charges for measured demand and energy.

**TRANSFORMER OWNERSHIP CREDIT:**

Customers owning transformers will receive a credit on each month's measured demand.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Credit per KW	<del>\$0.35</del>	\$0.35	\$0.35

**DETERMINATION OF DEMAND:**

Measured demand is defined as the maximum rate at which energy is used for any period of fifteen consecutive minutes during the billing period.

**BILLING DEMAND:**

The on-peak billing demand shall be the greater of the measured on-peak demand for the billing period adjusted for power factor, or 50% of the maximum measured on-peak demand for the most current June-September billing periods adjusted for power factor. Billing periods may not coincide with calendar months.

The off-peak billing demand shall be the measured off-peak demand for the billing period adjusted for power factor less the on-peak billing demand for the billing period.

The total billing demand shall be the sum of the on-peak billing demand and the off-peak billing demand.

**MINIMUM BILL:**

The minimum bill shall not be less than the billing demand, as provided above, whether or not energy is used plus any meter charge.

**PAYMENT:**

Payments are due on or before the due date.

**ROCHESTER PUBLIC UTILITIES  
(RPU)****RATE SCHEDULE MGS-TOU  
SHEET 3 OF 3****MEDIUM GENERAL SERVICE - TIME-OF-USE (Cont.)****CONDITIONS OF DELIVERY:**

1. Service under this rate will be made available at the option of the medium general service customer, subject to the availability of the necessary TOU metering equipment.
2. Customers converting to the MGS-TOU rate from the MGS rate shall make a one-time payment to RPU for any conversion cost above the normal cost to install MGS-TOU metering.
3. A customer may switch back to the MGS rate providing the customer gives RPU at least 60 days notice and agrees to pay any metering conversion costs.
4. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
5. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected or operated in parallel with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.
6. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
7. Energy furnished under this rate shall not be resold.

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE LGS  
SHEET 1 OF 2**
**LARGE GENERAL SERVICE**
**AVAILABILITY:**

At all locations for loads where the measured demand is at least 1,000 kW or more for three or more billing periods in a given calendar year, but less than 10,000 kW, and where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. For loads where the service desired by the customer is not adjacent to the premises to be served, additional contract arrangements may be required prior to service being furnished.

**APPLICATION:**

To commercial, industrial, and governmental customers with all service taken at one point and measured through one meter. Also applicable to temporary service in accordance with RPU's published Electric Service Rules and Regulations. Not applicable to standby service.

**CHARACTER OF SERVICE:**

Three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

**RATE:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Demand Charge / KW	<del>\$19.000</del>	\$20.000	\$21.000
Energy Charge / kWh	<del>5.959¢</del>	5.867¢	5.917¢

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**POWER FACTOR ADJUSTMENT:**

The customer agrees to maintain an average power factor of 0.95 or greater for the billing period and to prevent a leading power factor. If the customer's average power factor is less than 0.95 for the billing period, the billing demand will be determined by multiplying the measured demand by 0.95 and dividing the results by the customer's average power factor. The average power factor is defined to be the quotient obtained by dividing the kWh used during the month by the square root of the sum of the squares of the kWh used and the lagging reactive kilovoltampere-hours supplied during the same period. The customer's average power factor will be determined by means of permanently installed meters.

**PRIMARY METER DISCOUNT:**

Customers approved for metering at 13.8 kV will receive a discount of 1.25% on base rate charges for measured demand and energy.

**TRANSFORMER OWNERSHIP CREDIT:**

Customers owning transformers will receive a credit on each month's measured demand.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Credit per KW	<del>\$0.35</del>	\$0.35	\$0.35

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE LGS  
SHEET 2 OF 2**

LARGE GENERAL SERVICE (Cont.)

**DETERMINATION OF DEMAND:**

Measured demand is defined as the maximum rate at which energy is used for any period of fifteen consecutive minutes during the billing period. The billing demand shall be the greater of the measured demand for the billing period adjusted for power factor, or 50% of the maximum measured demand for the most current June-September billing periods adjusted for power factor. Billing periods may not coincide with calendar months.

**MINIMUM BILL:**

The minimum bill shall not be less than the billing demand, as provided above, whether or not energy is used.

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
2. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected or operated in parallel with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.
3. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
4. Energy furnished under this rate shall not be resold.
5. A separate electric service agreement may be required for service under this rate schedule.

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE LIS  
SHEET 1 OF 2**
**LARGE INDUSTRIAL SERVICE**
**AVAILABILITY:**

At all locations for loads with measured demands in excess of 10,000 kW for three or more billing periods in a given calendar year, and where facilities of adequate capacity and voltage are adjacent to the premises to be served. For loads where the service desired by the customer is not adjacent to the premises to be served, contract arrangements may be required prior to service being furnished.

**APPLICATION:**

To industrial customers with all service taken at one point and measured through one meter or meter totalizer. Not applicable to stand-by service.

**CHARACTER OF SERVICE:**

Three phase, 60 Hertz alternating current at 13,800 GRDY/7970 volts.

**RATE:**

	<u>2018</u>	<u>2018</u>	<u>2019</u>
Demand Charge / KW	<del>\$19.500</del>	\$20.500	\$21.500
Energy Charge / kWh	<del>5.216¢</del>	5.240¢	5.246¢

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**POWER FACTOR ADJUSTMENT:**

The customer agrees to maintain an average power factor of 0.95 or greater for the billing period and to prevent a leading power factor. If the customer's average power factor is less than 0.95 for the billing period, the billing demand will be determined by multiplying the measured demand by 0.95 and dividing the results by the customer's average power factor. The average power factor is defined to be the quotient obtained by dividing the kWh used during the month by the square root of the sum of the squares of the kWh used and the lagging reactive kilovoltampere-hours supplied during the same period. The customer's average power factor will be determined by means of permanently installed meters.

**DETERMINATION OF DEMAND:**

Measured demand is defined as the maximum rate at which energy is used for any period of fifteen consecutive minutes during the billing period. The billing demand shall be the greater of the measured demand for the billing period adjusted for power factor, or 50% of the maximum measured demand for the most current June-September billing periods adjusted for power factor. Billing periods may not coincide with calendar months.

**MINIMUM BILL:**

The minimum bill shall not be less than the billing demand, as provided above, whether or not energy is used.

**ROCHESTER PUBLIC UTILITIES  
(RPU)****RATE SCHEDULE LIS  
SHEET 2 OF 2****LARGE INDUSTRIAL SERVICE (Cont.)****PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
2. Unless authorized by separate written agreement, stand-by electric generating equipment installed by the customer shall not be interconnected or operated in parallel with the RPU system: Customer shall own, install, operate, and maintain electrical interlocking equipment which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.
3. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies or imperfections of service provided under this rate.
4. Energy furnished under this rate shall not be resold.
5. Customer agrees to manage its utilization equipment so as not to unbalance the current per phase by more than 10%.
6. RPU may require a separate electric service agreement for service under this rate schedule.

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE INTR  
SHEET 1 OF 4**

**INTERRUPTIBLE SERVICE**

**AVAILABILITY:**

At all locations for customers who qualify and where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. Additional contractual arrangements may be required prior to service being furnished. RPU reserves the right to limit the amount of interruptible load taken by a customer and the total amount of interruptible load on the RPU system.

**APPLICATION:**

To commercial, industrial, and governmental customers contracting for electrical service for a period of one (1) year or more and having an interruptible load with a measured demand of 100 kW or more.

The INTR interruptible rate schedule is used in conjunction with the MGS, LGS, and LIS firm power rate schedules. To qualify for the INTR rate schedule, customers must have a minimum of 100 kW of interruptible demand. RPU reserves the right to limit the amount of interruptible load, which may be nominated.

Customers who qualify for the INTR rate shall either nominate an interruptible demand amount or a firm demand amount. Customers nominating an interruptible demand amount shall be required to interrupt at least the amount nominated, or their total load if their total load is less than the amount nominated. Customers nominating a firm demand amount shall be required to interrupt an amount sufficient to bring their load to or below the firm demand nominated. In no case shall the INTR rate be made available to customers with less than 100 kW of interruptible load.

All interruptible loads recognized under the INTR rate schedule shall be electrical loads that are coincident with RPU's system peak. Customers' electrical loads occurring outside this peak period shall not qualify for the INTR rate schedule. Any generation equipment used by the customer to qualify for the INTR rate shall be located at the site of the interruptible load such that RPU does not have to use its electrical facilities to transmit power for the customer.

**CHARACTER OF SERVICE:**

Three phase, 60 Hertz, alternating current at one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations. Service is subject to interruption at the sole discretion of RPU at any time during the year. There will be no more than 175 hours or 35 interruptions per year.

**RATE:**

MGS, LGS, and LIS customers are billed for interruptible power at the following rates:

Demand Charge per KW:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
MGS	<del>\$10.95</del>	\$12.950	\$12.950
LGS	<del>\$10.64</del>	\$11.640	\$12.640
LIS	<del>\$10.72</del>	\$11.720	\$12.720

The Energy Charge per kWh shall be equal to the appropriate customer class energy rate defined in the rate tariffs for the MGS, LGS, and LIS customer classes.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE INTR  
SHEET 2 OF 4**
INTERRUPTIBLE SERVICE (Cont.)
**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**POWER FACTOR ADJUSTMENT:**

The customer agrees to maintain an average power factor of 0.95 or greater for the billing period and to prevent a leading power factor. If the customer's average power factor is less than 0.95 for the billing period, the billing demand will be determined by multiplying the measured demand by 0.95 and dividing the results by the customer's average power factor. The average power factor is defined to be the quotient obtained by dividing the kWh used during the month by the square root of the sum of the squares of the kWh used and the lagging reactive kilovoltampere-hours supplied during the same period. The customer's average power factor will be determined by means of permanently installed meters.

**PRIMARY METER DISCOUNT:**

Customers approved for metering at 13.8 kV will receive a discount of 1.25% on base rate charges for measured demand and energy.

**TRANSFORMER OWNERSHIP CREDIT:**

Customers owning transformers will receive a credit on each month's measured demand.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Credit per / KW	<del>\$0.35</del>	\$0.35	\$0.35

**SURCHARGE:**

Customers whose service is taken outside the Rochester City limits are subject to a 10% surcharge on their bills (excluding charges computed under the Power Cost Adjustment).

**PENALTY:**

Unauthorized use of electricity during a peak period of service interruption ordered by RPU will require the customer to pay a penalty (in addition to standard charges) which is reflective of the uninterrupted load's cost impact on RPU's wholesale power cost from SMMPA over the ensuing 12 months:

- A. No impact - No penalty
- B. Occurs on monthly peak - Uninterrupted kW contribution to RPU's peak is billed at SMMPA rate.
- C. Occurs on annual peak (as determined by analysis from October 1 analysis of summer demands) - Uninterrupted kW contribution to RPU's annual peak is additionally penalized at two times SMMPA rate and added to participants October billing.

Exception for first-time participants in an RPU peak reduction rate who have interruptible nominations of less than 500KW: The penalty for failure to interrupt will be waived during the initial 24 months.

**DETERMINATION OF DEMAND:**

Measured demand is defined as the maximum rate at which energy is used for any period of fifteen (15) consecutive minutes during the billing period.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE INTR  
SHEET 3 OF 4**

INTERRUPTIBLE SERVICE (Cont.)

**BILLING DEMAND:**

Customers nominating an amount of interruptible demand are required to interrupt at least their nominated interruptible demand. Customers may interrupt demand greater than their nominated interruptible demand. The billed interruptible demand for the month shall be the hourly integrated demand interrupted during the peak period of a service interruption requested by RPU. This interruptible demand will be billed at the appropriate interruptible rate for that month. Where no RPU requested interruption occurs during the month, all demand above the nominated interruptible demand shall be billed at the firm demand rate under the appropriate MGS, LGS, or LIS firm rate schedule.

Customers nominating an amount of firm demand are required to interrupt all demand over their firm service level.

Customers may interrupt demand below the firm service level. When peak metered demand for the billing period is equal to or greater than the firm service level, the Firm Billing Demand shall be equal to the actual metered demand during the RPU-requested service interruption concurrent with the system peak for the billing period. When peak metered demand for the billing period is less than the firm service level, the Firm Billing Demand will be the greater of either the peak metered demand for the billing period minus the actual demand reduction during the RPU-requested service interruption concurrent with the RPU system peak for the billing period, or 50% of the Firm Demand Nomination for the most current June-September months minus the actual demand reduction during the RPU-requested service interruption concurrent with the RPU system peak for the billing period. All demand above the firm service level for the month shall be billed at the appropriate interruptible rate. Where no RPU requested interruption occurs during the month, all demand up to the firm demand nomination shall be billed at the appropriate firm demand rate.

Both firm and interruptible billing demands shall be adjusted for power factor.

There is no ratchet provision for interruptible demand.

**MINIMUM BILL:**

The minimum bill shall not be less than the adjusted billing demand, as provided above, whether or not energy is used.

**PAYMENT:**

Payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
2. The Customer shall install, own, operate, and maintain the equipment necessary to interrupt its load.
3. In certain cases, the interruptible portion of the customer's load may have to be metered separately.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE INTR  
SHEET 4 OF 4**

INTERRUPTIBLE SERVICE (Cont.)

4. The Customer shall pay in advance of construction, all costs estimated by RPU for facilities located on Customer's premises which are necessary to serve the interruptible portion of the Customer's load and which duplicate other RPU facilities which are utilized to deliver electric service under other schedules. This includes any special metering needed for RPU to administer the INTR rate. Upon completion of the installation of such facilities by RPU, the actual cost of such facilities shall be charged to the Customer with the Customer's advance payment being applied as credit to such actual costs. The cost of major renewal and replacement of RPU-owned electric facilities located on the Customer's premises which are utilized for interruptible service and which duplicate other RPU facilities, shall be borne by the Customer.
5. When notified by RPU, the Customer shall remove the interruptible portion of its load from RPU's system in two (2) hours or less.
6. Upon one year's notice to the Customer, RPU may modify the hours and frequency of interruption specified herein to reflect changes in RPU's electric system load characteristics.
7. Interruptions of service caused by fire, accident, explosion, flood, strike, acts of God, or causes other than intentional interruptions ordered by RPU shall not be considered in determining the hours or frequency of interruption specified herein.
8. RPU, at its sole discretion, may immediately terminate service under this rate schedule upon the repeated unauthorized use of electricity by the customer during periods of interruption ordered by RPU.
9. Interruptible service shall not be used as standby for any other forms of energy or fuel.
10. Unless authorized by separate written agreement, standby electric generating equipment installed by the Customer shall not be interconnected or operated in parallel with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation. RPU shall have the right to inspect the Customer's interrupting facilities as often as deemed prudent by RPU to verify their operating condition and proper interconnection.
11. RPU shall not be liable for any damage or loss sustained by Customer resulting from interruptions, deficiencies or imperfections of service provided under this rate.
12. Energy furnished under this rate shall not be resold.
13. Customers shall provide RPU with sufficient advance notice of their intention to use the INTR rate to allow RPU time to provide any necessary supplemental equipment and metering.
14. Customers using the INTR rate shall notify RPU in writing of their intention to use either the interruptible demand nomination or the firm demand nomination and the amount of their interruptible or firm loads.
15. Customers may change their method of nomination or level of nomination or both no more frequently than once per year with 60 days written notice and approval from RPU.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**PCA  
SHEET 1 OF 1**

**POWER COST ADJUSTMENT**

**APPLICATION:**

Applicable to all rate schedules where there is a kWh charge.

1. The Power Cost Adjustment will be determined monthly, on a 12 month rolling average basis with application to the first revenue cycle each month.
2. The Power Cost Adjustment is determined by calculating the average actual cost per kWh of retail power supply from all sources during the previous 12 months, and subtracting the Established Power Supply Cost. All calculations will be carried out to \$.00001 per kWh. Power supply costs include the cost of purchased power including charges for energy, demand, transmission, cost adjustments, and fees for regional power grid services.
3. The Established Power Supply Cost Base of \$0.07285 was determined by the 2014 cost of service study. The base will remain at this level until subsequent review identifies a permanent and substantial change in the cost of power.
5. The Power Cost Adjustment will be the difference between the actual amount per kWh calculated in #2 above and the Established Power Supply Cost Base/ kWh.. This dollar amount per kWh will be added (subtracted) to each kWh of sales.

Approved by Rochester Public Utility Board:  
Effective Date:

August 26, 2013  
January 1, 2015

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE LMC  
SHEET 1 OF 1**

**LOAD MANAGEMENT CREDITS**

**AVAILABILITY:**

To customers participating in RPU's direct control load management program.

**APPLICATION:**

This rate schedule rider is to be applied in conjunction with all applicable rate schedules:

**CREDITS:**

	Monthly Credit	# Months Applied
Qualifying Central Air Conditioner	\$ 3.00 each	5 months (May through September)
Qualifying Electric Water Heater	\$ 3.00 each	12 months

**TERMS AND CONDITIONS:**

1. Participation in the direct control load management program is voluntary.
2. Customer agrees to participate in the program for one year or longer.
3. Qualifying appliances are central air conditioners up to 8 kW and electric water heaters with a minimum capacity of 40 gallons. Central air-conditioners above 8 kW, electric water heaters above 85 gallons, and other appliances or electrical loads applicable to direct control load management by RPU may be accepted by RPU in this program. In these cases, applicable credits will be calculated on a case by case basis.
4. Customer agrees to not utilize any other load management system in conjunction with equipment directly controlled by RPU.
5. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.

Approved by Rochester Public Utility Board:  
Effective Date:

November 14, 2017  
Contingent upon implementation of RPU's new customer billing system.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE CSL  
SHEET 1 OF 1**

**CITY STREET LIGHTING**

**AVAILABILITY:**

To the City of Rochester for the illumination of public thoroughfares by means of RPU owned overhead street lighting facilities.

**RATE:**

Per kWh for all kWh Billed	<u>2018</u>	<u>2019</u>	<u>2020</u>
Mercury Vapor (all Sizes)	<del>22.377¢</del>	23.249¢	24.296¢
Metal Halide (All Sizes)	<del>23.732¢</del>	24.657¢	25.767¢
LED (All Sizes)	<del>38.443¢</del>	39.942¢	41.740¢
High Pressure Sodium (All Sizes)	<del>22.377¢</del>	23.249¢	24.296¢

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**CONDITIONS OF DELIVERY:**

1. This rate is based on lamps being lighted every night from approximately 30 minutes after sunset to 30 minutes before sunrise, providing dusk to dawn operation.
2. RPU will replace inoperative lamps and otherwise maintain luminaires during regular daytime hours. No credit will be allowed for periods during which the lamps are out of service. Routine lamp replacement will be made on a group replacement schedule.
3. RPU will determine the amount of energy used during any month by multiplying the rated kilowatt capacity of all lamps and accessory equipment by 350 hours for the month.
4. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE TS  
SHEET 1 OF 1**
**TRAFFIC SIGNALS**
**AVAILABILITY:**

To governmental units for electric service to customer-owned traffic signal systems on public streets.

**RATE:**

Monthly Fixed charge: per traffic signal control cabinet served:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fixed Charge:	<del>\$ 33.00</del>	\$ 34.00	\$35.00
Energy Charge / kWh	<del>+0.528¢</del>	10.547¢	11.157¢

**MINIMUM BILL:**

The minimum bill is per traffic signal control cabinet served for any month or portion of a month.

<u>2018</u>	<u>2019</u>	<u>2020</u>
<del>\$ 33.00</del>	\$ 34.00	\$35.00

**POWER COST ADJUSTMENT:**

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Cost Adjustment (PCA).

**CONDITIONS OF DELIVERY:**

1. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

Attachment: 2019-2020 Electric Rate Tariff Proposed (9738 : 2019/2020 Electric Utility Rate Adjustment)

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE CDS  
SHEET 1 OF 1**

**CIVIL DEFENSE SIRENS**

**AVAILABILITY:**

At all locations where facilities of adequate capacity and suitable voltage are adjacent to the location of the siren to be served.

**APPLICATION:**

To Olmsted County Civil Defense for the periodic operation of civil defense sirens.

**CHARACTER OF SERVICE:**

Single of three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

**RATE:**

	<u><del>2018</del></u>	<u>2019</u>	<u>2020</u>
Per Siren per month	<del>\$16.29</del>	\$ 16.60	\$17.00

**MINIMUM BILL:**

The minimum bill is per siren for any month or portion of a month.

	<u><del>2018</del></u>	<u>2019</u>	<u>2020</u>
Minimum Bill	<del>\$16.29</del>	\$ 16.60	\$17.00

**PAYMENT:**

Bills will be rendered monthly; payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. The customer shall furnish, install, own, operate, and maintain all sirens. The customer shall also furnish, install, own, and maintain any structures required for the mounting and support of sirens; except where the customer specifically requests and RPU agrees to use RPU owned poles for this purpose. In such cases, RPU will assist in the installation and removal of sirens and the customer shall pay RPU for the actual costs thereof.
2. When RPU does not have secondary service available at the siren location and it is necessary to install a transformer or to extend secondary lines a distance greater than 150 feet, the customer shall pay RPU the actual costs for installing the transformer and/or making such line extensions.
3. RPU will make the connection and disconnection with its distribution lines.
4. Loads other than sirens shall not be connected to the siren's circuit.
5. The customer shall furnish RPU with a map indicating the location of sirens to be operated and shall notify RPU at least 30 days in advance of the planned addition, removal, or relocation of any siren.
6. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.

Approved by Rochester Public Utility Board: November 20, 2018

Effective Date: January 1, 2019

Attachment: 2019-2020 Electric Rate Tariff Proposed (9738 : 2019/2020 Electric Utility Rate Adjustment)

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE SL  
SHEET 1 OF 2**
**SECURITY LIGHTING**
**AVAILABILITY:**

At all locations whenever the service can be provided with overhead wiring on an existing RPU owned pole.

**APPLICATION:**

To all classes of customers contracting for security lighting.

**RATE:**

Monthly Charge

**Mercury Vapor Lights (Closed)**

<u>Size</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
175 Watt Mercury Vapor	<del>\$10.66</del>	\$10.65	\$11.18
250 Watt Mercury Vapor	<del>\$13.03</del>	\$13.02	\$13.67
400 Watt Mercury Vapor	<del>\$18.52</del>	\$18.50	\$19.42

**High Pressure Sodium Vapor Lights (Closed)**

<u>Size</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
70 Watt	<del>\$ 9.28</del>	\$ 9.27	\$ 9.74
100 Watt	<del>\$ 11.05</del>	\$11.04	\$11.60
150 Watt (Roadway)	<del>\$ 12.43</del>	\$12.42	\$13.04
250 Watt	<del>\$ 15.47</del>	\$15.46	\$16.23
400 Watt	<del>\$ 20.29</del>	\$20.27	\$21.28

**Light Emitting Diode (LED) Lights**

<u>Size</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
LED Area Light	<del>\$ 11.05</del>	\$11.04	\$11.60
LED Roadway Light	<del>\$ 15.47</del>	\$15.46	\$16.23

**PAYMENT:**

Bills will be rendered monthly; payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. RPU will furnish, install, own, and maintain a standard lighting unit consisting of a luminaire, complete with lamp and control device wired for operation, supported by a bracket mounted on an RPU owned pole, and will supply all electrical energy necessary for the operation of the unit.
2. When RPU does not have a suitable pole or secondary service available at the desired location and it is necessary to install a transformer or a pole or to extend secondary lines a distance greater than 150 feet, the customer shall pay RPU the actual costs for installing the transformer or pole and/or making such line extensions.
3. Service under this rate is not available underground or in underground areas unless the customer pays RPU the complete cost of the necessary underground facilities.
4. Lamps will automatically be switched on approximately 30 minutes after sunset and off 30 minutes before sunrise, providing dusk to dawn operation of approximately 4,200 hours per year.
5. RPU will make every attempt to replace inoperative lamps and maintain luminaries during regular daytime work hours within 3 working days after notification by the customer. No credit will be allowed for periods during which the lamp was out of service.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE SL  
SHEET 2 OF 2**

SECURITY LIGHTING (Cont.)

**CONDITIONS OF DELIVERY:**

6. RPU will, at the customer's expense, relocate or change the position of any lamp or pole as requested in writing by the customer.
7. Service furnished under this rate is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
8. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**
**RATE SCHEDULE UMDR  
SHEET 1 OF 1**
**UNMETERED DEVICE RATE**
**AVAILABILITY:**

At all locations where facilities of adequate capacity and suitable voltage are adjacent to the location of the device to be served.

**APPLICATION:**

To commercial customers where the estimated monthly kwh required does not exceed 300 kwh and is determined by RPU to not warrant a meter.

**CHARACTER OF SERVICE:**

Single of three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

**RATE:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fixed Charge per device per month	<del>\$ 11.18</del>	\$ 11.18	\$11.29
Energy Charge / kWh	<del>11.217¢</del>	11.448¢	11.688¢

**MINIMUM BILL:**

The minimum bill is per device for any month or portion of a month.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Minimum Bill	<del>\$11.18</del>	\$11.18	\$11.29

**PAYMENT:**

Bills will be rendered monthly; payments are due on or before the due date.

**CONDITIONS OF DELIVERY:**

1. The customer shall furnish, install, own, operate, and maintain all devices. The customer shall also furnish, install, own, and maintain any structures required for the mounting and support of devices; except where the customer specifically requests and RPU agrees to use RPU owned poles for this purpose. In such cases, RPU will assist in the installation and removal of devices and the customer shall pay RPU for the actual costs thereof.
2. When RPU does not have secondary service available at the device location and it is necessary to install a transformer or to extend secondary lines a distance greater than 150 feet, the customer shall pay RPU the actual costs for installing the transformer and/or making such line extensions.
3. RPU will make the connection and disconnection with its distribution lines.
4. Loads other than the device shall not be connected to the device's circuit.
5. The customer shall furnish RPU with a map indicating the location of sirens to be operated and shall notify RPU at least 30 days in advance of the planned addition, removal, or relocation of any siren.
6. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.

Approved by Rochester Public Utility Board: November 20, 2018

Effective Date:

Contingent upon the implementation of RPU's new customer billing system.

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE CAR  
SHEET 1 OF 1**

**CLEAN AIR RIDER**

**APPLICATION:**

The Clean Air Rider (CAR) will be used to recover costs related to renewable and environmental improvement programs and projects approved by the Utility Board. Applicable to all rate classes billed in kWh.

**CONDITIONS OF DELIVERY:**

1. Emission Reduction Project at Silver Lake Plant:
  - a. The CAR for the Emission Reduction Project (ERP) at the Silver Lake Plant is to recover the annual debt service of the project.
  - b. The CAR for the ERP will be calculated by dividing the ERP debt service requirements by the KWH forecast for all rate classes. This monthly charge under the CAR Schedule for 2019 is **\$0.00166/kwh.**
  - c. The CAR will terminate for the ERP with payment of all debt service requirements.
  - d. An annual true-up will be done comparing the actual amount collected to the actual debt service requirement. The amount over or under collected will adjust future years debt service requirements used in the calculation.

Approved by Rochester Public Utility Board: November 20, 2018  
Effective Date: January 1, 2019

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE SPP  
SHEET 1 OF 2**

**SCHEDULE I**

**ROCHESTER PUBLIC UTILITIES  
COGENERATION AND SMALL POWER PRODUCTION TARIFF**

**AVAILABILITY:**

By separate written agreement only.

**APPLICATION:**

To residential and general service customers contracting for electric service for one year or more, with all service taken at one point and where part or all of the electrical requirements of the customer can be supplied by customer-owned electrical generating equipment which is connected for operation in parallel with RPU's system.

This rate schedule rider is to be applied in conjunction with the following schedules:

Residential Service	(RES)
General Service	(GS)
Medium General Service	(MGS)
Large General Service	(LGS)
Large Industrial Service	(LIS)
Power Cost Adjustment	(PCA)

**CHARACTER OF SERVICE:**

Single or three phase, 60 Hertz alternating current at any one of the standard secondary service voltages as described in RPU's published electric Service Rules and Regulations.

**RATE:**

**Demand Charge:**

The demand charge shall be determined in accordance with the applicable rate schedule (MGS, LGS and LIS customers only) and shall be applied in accordance with the provisions of Section VII (C) of RPU's Rules Covering Cogeneration and Small Power Production Facilities.

**Energy Charge:**

The energy charge shall be determined in accordance with the applicable rate schedule (RES, GS, MGS, LGS or LIS customers) and shall be applied in accordance with the provisions of Section VII (B or C as applicable) of RPU's Rules Covering Cogeneration and Small Power Production Facilities.

**Minimum Charge:** The minimum charge shall be determined in accordance with the applicable rate schedule (RES, GS, MGS, LGS, or LIS customers).

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE SPP  
SHEET 2 OF 2**

Energy and Capacity Credits: The energy and capacity credits shall be applied in accordance with the provisions of Section VII (B or C as applicable) of RPU's Rules Covering Cogeneration and Small Power Production Facilities.

**POWER COST ADJUSTMENT:**

The energy credit computed under this rate schedule rider is subject to a Power Cost Adjustment.

**PAYMENT:**

Payments are due on or before the due date.

1. **CONDITIONS OF DELIVERY:** Service furnished under this rate schedule rider is subject to applicable provisions of RPU's published Electric Service Rules and Regulations and Rules Covering Cogeneration and Small Power Production.
2. Service under this rate schedule rider will be furnished only to customers whose maximum electrical generating capacity is 40 kW or less; such service may be limited at the sole discretion of RPU, to those customers who obtain "qualifying" status under FERC Regulations (18CFR Part 292) implementing section 201 of the Public Utility Regulatory Policies Act of 1978.
3. Service under this rate schedule rider will be furnished only after the customer and RPU have entered into a separate written agreement which specifies the type of metering and interconnection facilities to be employed, the responsibilities for installation, ownership, and maintenance of these facilities, and the procedures required for safe and technically acceptable operation of parallel electrical generating equipment.
4. RPU shall not be liable for any damage or loss sustained by the customer resulting from the parallel operation of the customer's electrical generating equipment, or resulting from interruptions, deficiencies, or imperfections of service provided under this rate schedule rider.
5. Energy furnished under this rate schedule rider shall not be resold.

Approved by Rochester Public Utility Board:  
Effective Date:

March 28, 2006  
April 4, 2006

Attachment: 2019-2020 Electric Rate Tariff Proposed (9738 : 2019/2020 Electric Utility Rate Adjustment)

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE PEVC  
SHEET 1 OF 1**

RPU Public Electric Vehicle Charging Rate

**AVAILABILITY:**

To Electric and Plug-in Hybrid vehicles with level 1 or level 2 charging capability, at RPU managed car charging stations.

**RATE:**

Per hour of plugged in time	<u>Amount</u>
The hours of 4 pm – 7 pm	\$2.00 per hour
All other hours	75¢ per hour

**CONDITIONS OF DELIVERY:**

1. Customers must be registered with ChargePoint and have a ChargePoint RFID card, or have the ChargePoint app installed on a smartphone. Instructions are available at ChargePoint.com. \*
2. Station payment is managed by a third party, ChargePoint.com, and requires prepayment by credit card. RPU is unable to take payment to recharge your ChargePoint card. \*
3. It is recommended to have a smartphone enabled device with the Chargepoint App installed.
4. Rates are applied during the time period the car is plugged in. Not when the car starts or finishes charging.
5. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.

*\*For instructions on how to register for a ChargePoint RFID card, please visit ChargePoint.com or contact RPU Customer Service*

Approved by Rochester Public Utility Board:  
Effective Date:

November 14, 2017  
January 1, 2018

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**RATE SCHEDULE LINEEXT  
SHEET 1 OF 1**

**LINE EXTENSIONS**

**AVAILABILITY:**

Available to all customers and developers in RPU's Service Territory.

**APPLICATION:**

The Rules for Line Extensions in this schedule apply to all existing and prospective customers requesting a new line extension or change of existing service.

**RATE:**

Amount

Residential

\$900 / Standard Service\*\*\*

Commercial, Industrial and  
Multi-Family Housing

Installed transformer Capacity

Rate

Up to 25 kVA

\$1,100 / Standard Service\*

25 kVA up to 50 kVA

\$2,500 / Standard Service\*

50 kVA up to 75 kVA

\$4,500 / Standard Service\*

75 kVA up to 10,000 kVA

Total cost of Standard Service less a credit of \$63/kVA of  
installed transformer Capacity\*\*

Above 10,000 kVA and/or

Non-standard Service

Negotiated

\*Single Phase Service is assumed. If three phase service is requested, the customer must also pay the difference between three phase and single phase service.

\*\*In cases where the installed transformer credit offsets the total cost of the Standard Service, no additional amount will be charged.

\*\*\*For the purposes of this rate schedule, Standard Residential Service is considered to be a single lot or single structure with three or fewer dwelling units.

**PAYMENT:**

Payments must be received before work on the line extension or enhancement will begin.

Approved by Rochester Public Utility Board:  
Effective Date:

April 25, 2017  
January 1, 2018

**ROCHESTER PUBLIC UTILITIES  
(RPU)**

**MISCELLANEOUS FEES  
SHEET 1 of 2**

**2019 MISCELLANEOUS FEES  
ELECTRIC UTILITY**

	<u><b>2019 Rate</b></u>
NSF Check	\$ 30.00
Meter Test – Residential (2 <sup>nd</sup> request within the past 12 months)	\$100.00
Meter Test – Commercial (2 <sup>nd</sup> request within the past 12 months)	\$210.00
Outage Call (The problem is with the customers equipment, and this is the second request within the past twelve months)	\$100.00
Copies per page, black & white	\$ 0.25
Copies , black & white, duplex	\$ 0.50
Copies per page, color (from color printer, not copier)	\$ 0.35
Non pay Disconnection/Reconnection (Workdays, 8:00 AM- 5:00PM) (Additional reconnection fees apply for after hours reconnections)	\$ 70.00
Meter Connections After Hours	
Workdays, 5:00 PM - 9:00 PM	\$145.00
Workdays, 9:00 PM – 8:00 AM	\$230.00
Non-Workdays	\$230.00
Holidays	\$230.00
House Move Investigation	\$350.00
Optional Non-AMR Meter Change out Fee Electric	\$200.00
Optional Non-AMR Meter Monthly Fee per premise	\$ 55.00
Temporary Residential Meter Installation Fee	\$100.00
Temporary Commercial Meter Installation Fee	\$760.00
Pole Disconnection/Reconnection (Commercial)	\$295.00
Meter Tampering	\$240.00
Meter Service Call	\$ 70.00
Infraview Service – Per hour	\$115.00

Attachment: 2019-2020 Electric Rate Tariff Proposed (9738 : 2019/2020 Electric Utility Rate Adjustment)



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an overall general rate increase of 1.9% for 2019 and 2.5% for 2020 according to the attached rate schedules and tariffs, effective on or about January 1, 2019 and January 1, 2020, respectively.

BE IT FURTHER RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve the rate schedules and tariffs, to take effect on or about January 1, 2019 and January 1, 2020, respectively.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 20<sup>th</sup> day of November 2018.

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President

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Secretary

## FOR BOARD ACTION

**Agenda Item # (ID # 9739)**

**Meeting Date: 11/20/2018**

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**SUBJECT: 2019 Electric Utility Budget**

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**PREPARED BY: Peter Hogan**

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**ITEM DESCRIPTION:**

The preliminary 2019 electric utility budget was reviewed with the finance and audit committee on October 18, 2018 and the full Board on October 30, 2018. The budget as presented reflects a reduction of approximately \$2.78 million in operating and capital expenses from staff's original submissions in order to meet the 2017 cost of service study recommendations.

The significant drivers for the 2019 budget are:

- Proposed overall electric rate increase for 2019 @ 1.9%
- Our SMMPA wholesale cost for 2019 will be reduced by 4% which will flow through our power cost adjustment
- Beginning the implementation of a plan to address aging distribution infrastructure
- Investment to handle load growth in the downtown and southern side of the City
- West Side Energy Station will have a full year of operation
- Completion of the Customer Information and Billing system implementation
- Utilize savings from the Westside Energy Station and Hydro project to fund new substation instead of borrowing funds in 2019
- Continued funding for our energy conservation programs
- Addition of 2 FTE's - Customer Service Rep and a Design Project Coordinator
- Movement towards the financial targets set based on the adoption of the utility method of rate setting in 2014:
  - o Alignment of variable and fixed costs with corresponding variable and fixed revenues reduces cross subsidies and improves financial sustainability
  - o Change in Net Assets goal for 2019: \$13,060,000; Budget \$8,678,000
  - o Debt Service Coverage Ratio, excluding payment in lieu of taxes (PILOT), of 3.0 times or greater; Budget projects 2.6 times in 2019
  - o Minimum cash reserves goal for 2019: \$55,603,000; Budget \$65,000,000

## FOR BOARD ACTION

**Agenda Item #**      **(ID # 9739)**

**Meeting Date: 11/20/2018**

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Summary financial sheets are attached reflecting the recommended budget. Staff will be available to answer questions.

**UTILITY BOARD ACTION REQUESTED:**

Management recommends that the Board approve and request City Council approval of the 2019 RPU electric utility operating and capital budget.

# **ROCHESTER PUBLIC UTILITIES**

**2019**

## **ELECTRIC UTILITY**

### **OPERATING BUDGET**

Attachment: Board Packet Elc (9739 : 2019 Electric Utility 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>	

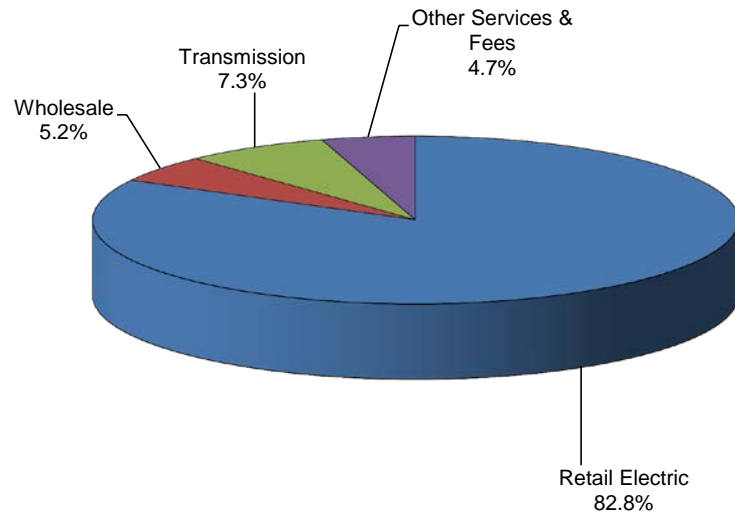
**ROCHESTER PUBLIC UTILITIES  
ELECTRIC UTILITY  
Management Reporting P&L**

	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>	

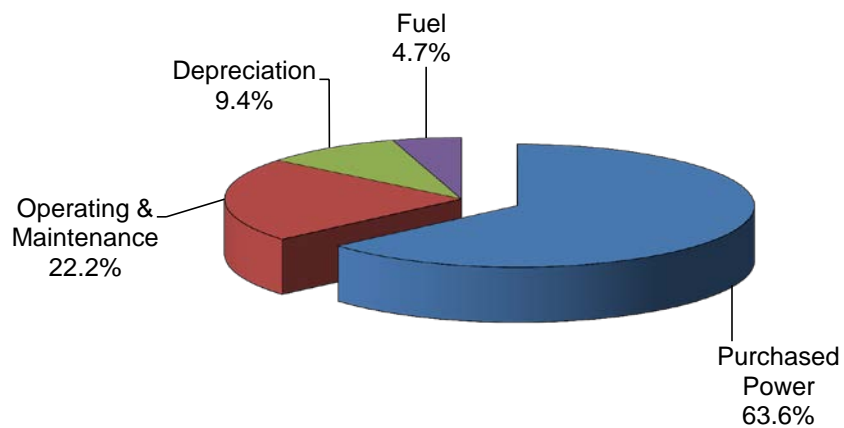
Attachment: Board Packet Elc (9739 : 2019 Electric Utility Budget)

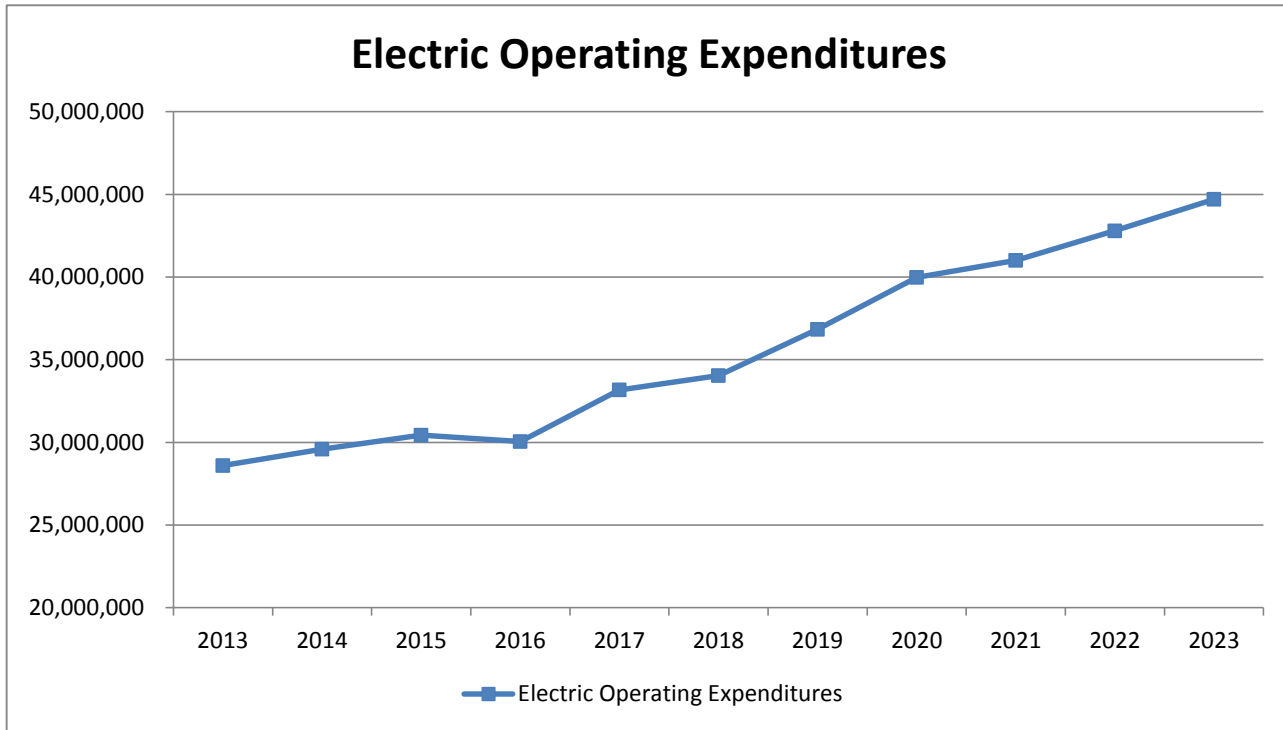
**ROCHESTER PUBLIC UTILITIES  
ELECTRIC UTILITY  
2019 OPERATING BUDGET**

**GROSS MARGIN  
\$68,892,605**



**EXPENSE USES  
\$151,061,453**





**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: Board Packet Elc (9739 : 2019 Electric Utility Budget)

**ROCHESTER PUBLIC UTILITIES**

**2019**

**ELECTRIC UTILITY**

**CAPITAL IMPROVEMENT AND  
MAJOR MAINTENANCE BUDGET**

Attachment: Board Packet Elc (9739 : 2019 Electric Utility Budget)

**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**

3.4.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: Board Packet Elc (9739 : 2019 Electric Utility Budget)

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

3.4.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>

Attachment: Board Packet Elc (9739 : 2019 Electric Utility Budget)

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

**3.4.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: Board Packet Elc (9739 : 2019 Electric Utility Budget)



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the  
2019 electric utility capital and operating budgets as submitted

BE IT FURTHER RESOLVED by the Public Utility Board of the City of Rochester, Minnesota,  
that the Common Council of the said City is requested to approve the  
2019 electric utility capital and operating budgets.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 20th day of  
November, 2018.

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President

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Secretary