



MEETING AGENDA – NOVEMBER 15, 2016

BOARD ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

Call to Order

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

1. **Minutes of October 25, 2016**

3. **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.)

4. **Regular Agenda**

1. Revocable Permit Agreement MNDOT
Resolution: Revocable Permit Agreement MNDOT
2. Utility Relocation and Release of Easements Agreement
Resolution: Utility Relocation and Release of Easements Agreement
3. Water Utility - Cash Reserve Policy
Resolution: Water Utility - Cash Reserve Policy
4. Electric Utility - Cash Reserve Policy
Resolution: Electric Utility - Cash Reserve Policy
5. Electric Utility Rate Adjustment
6. Resolution: 2017 Electric Utility Rate Adjustment
7. Approval of the 2017 Electric Utility Budget
Resolution: Approval of the 2017 Electric Utility Budget
8. Approval of the 2017 Water Utility Budget
Resolution: Approval of the 2017 Water Utility Budget

5. **Adjourn**

The agenda and board packet for Utility Board meetings are available on-line at www.rpu.org and <http://rochestercitymn.ig2.com/Citizens/Default.aspx>

FOR BOARD ACTION

Agenda Item # (ID # 6412)

Meeting Date: 11/15/2016

SUBJECT: Revocable Permit Agreement MNDOT

PREPARED BY: Ryan Moore

ITEM DESCRIPTION:

The purpose of this Revocable Permit is to allow MNDOT to install conduit and fiber line from a MNDOT vault to an existing City of Rochester vault along the southwest corner of the Cascade Creek substation property.

The proposed Revocable Permit is not intended to be for any specific period of time, and MNDOT shall, upon written demand by the City acting through its Rochester Public Utilities General Manager remove the encroachments authorized by this permit.

The City Attorney has reviewed the agreement.

UTILITY BOARD ACTION REQUESTED:

Management recommends the Board approve and authorize the Mayor and City Clerk to execute the Permit.

REVOCABLE PERMIT AND AGREEMENT

THIS REVOCABLE PERMIT AGREEMENT (this "Agreement"). made this _____ day of _____, 20__, between the **CITY OF ROCHESTER**, a Minnesota municipal corporation, hereinafter referred to as "City", and the **STATE OF MINNESOTA**, acting by and through the Commissioner of Transportation, hereinafter referred to as "MNDOT."

WITNESSETH THAT:

WHEREAS, City owns certain real property depicted on the attached EXHIBIT A (hereinafter known as the Property); and

WHEREAS, MNDOT has plans to install approximately two hundred feet of plastic underground conduit for fiber optic cable to improve its service to its customers: and

WHEREAS, MNDOT has applied to the City for a revocable permit to allow for said conduit to be installed on the Property; and

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

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

1. The city hereby authorizes MNDOT to install the conduit within the Property. The conduit will be located as shown on the attached **EXHIBIT A**.
2. MNDOT shall perform all work and bear all costs associated with the installation, maintenance and repair of said conduit, as well as, any damage that may occur to the Property as a result of said conduit being located across the Property.
3. MNDOT shall restore disturbed areas to original or better conditions.
4. To the extent that damage may occur to public facilities as a result of said conduit being located within the Property, MNDOT shall make immediate repairs at its own cost and expense.
5. MNDOT shall ensure that the use and maintenance of the conduit shall be in accordance with all applicable City codes and other provisions of law and proper maintenance of the conduit occurs to minimize the impact of the Property.
6. Applicant shall be responsible for its own acts and omission and the results thereof resulting from Applicant's use of the City's property under the grant of authority contained therein. MNDOT's liability is governed by Minnesota Statutes Section 3.763 and other applicable law.
7. This permit is limited to the specific conduit identified herein. No additional improvements may be constructed or installed within said Property.

8. Any maintenance, additions and/or alterations/modifications taking place on the Property shall be approved by the City and coordinated with the Rochester Public Utilities Department prior to commencement of work activity.
9. This Revocable Permit is not intended to be for any specific period of time, and MNDOT shall, upon written demand by the City acting through its Rochester Public Utilities General Manager, remove the encroachments authorized by this permit. Unless the City agrees to allow the encroachments to remain, removal shall be completed within the deadline provided in the written demand which shall not be less than 120 days.
10. By executing this Agreement, MNDOT acknowledges that it: (a) enters into and executes this Agreement knowingly, voluntarily and willingly of its own volition with such consultations with legal counsel as he/she/it deems appropriate; (b) has had a sufficient amount of time to consider this Agreement's terms and conditions, and to consult an attorney before signing this Agreement; (c) has read this Agreement, understands all of its terms, appreciates the significance of those terms and has made the decision to accept them as stated herein; and (d) has not relied upon any representation of statement not set forth herein. Both parties wish to avoid any development or administrative delays associated with a legal challenge to any of the terms of this Agreement. As such, both parties agree that they will not challenge the legality of any term of condition found within this Agreement and specifically waives any and all legal objections they may have to any such term or condition. Notwithstanding any provision in this Agreement to the contrary, this clause will survive the termination or expiration of the Agreement.
11. The parties agree that if any term or provision of this contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular term or provision held to be invalid.

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

CITY OF ROCHESTER, a Minnesota
Municipal corporation

BY: _____
Mayor

Attest: _____
City Clerk

STATE OF MINNESOTA,
a Minnesota non-profit corporation

BY: _____

Attest: _____

STATE OF MINNESOTA)

) SS

COUNTY OF OLMSTED)

The foregoing instrument was acknowledge before me this _____ day of _____, 20____, by Ardell B. Brede and Aaron S. Reeves, the Mayor and City Clerk, respectively, of the **CITY OF ROCHESTER**, a Minnesota municipal corporation.

Notary Public

STATE OF _____)

) SS

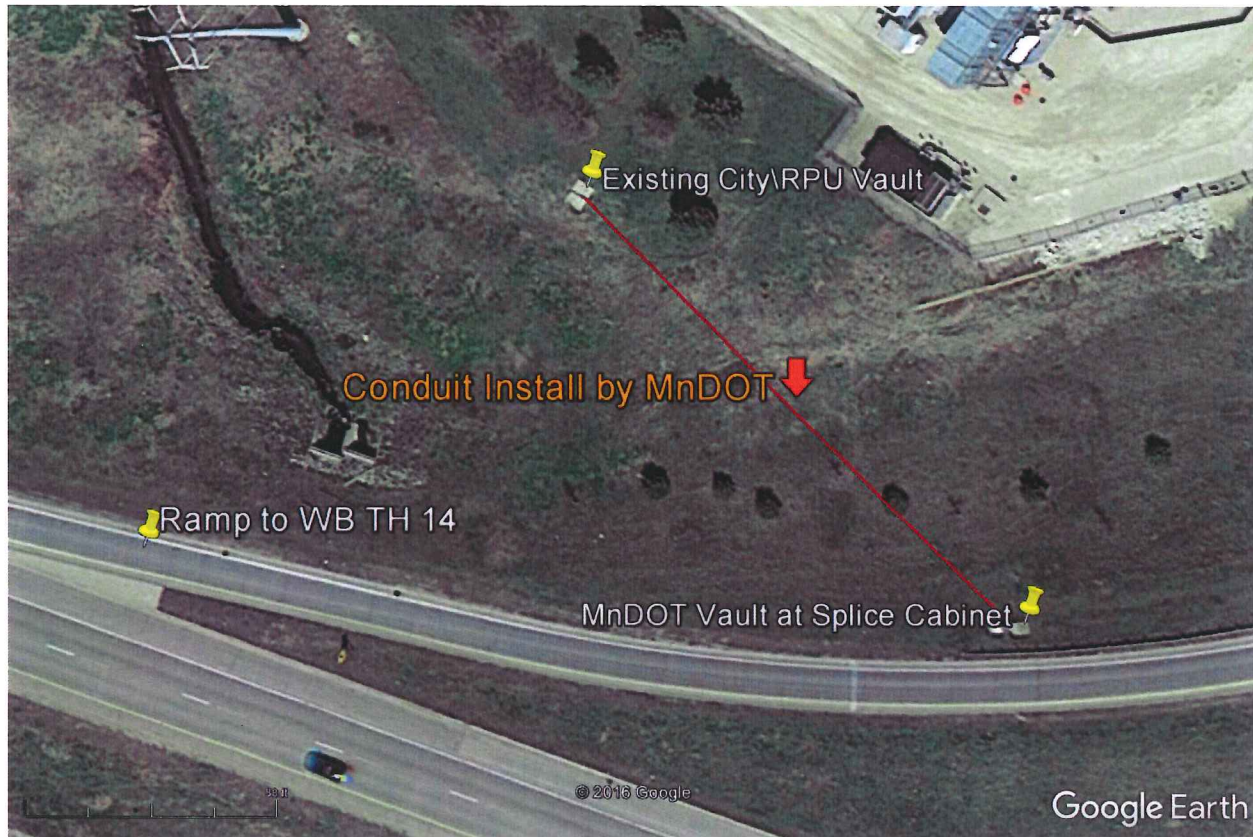
COUNTY OF _____)

On this _____ day of _____, 20____, before me, a notary public within and said county, personally appeared _____, the _____ of the **STATE OF MINNESOTA**, personally known to me to be the person described in the foregoing instrument and acknowledged that he or she executed the same on behalf of the corporation.

Notary Public

EXHIBIT A

MnDOT Installation of Underground Conduit on City\RPV Property –
Northwest quadrant of TH 14W and TH 52 in Rochester





RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an agreement with MN Department of Transportation and authorize the Mayor and the City Clerk to execute the Revocable Permit Agreement.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of November, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6404)

Meeting Date: 11/15/2016

SUBJECT: Utility Relocation and Release of Easements Agreement

PREPARED BY: Ryan Moore

ITEM DESCRIPTION:

Olmsted County has initiated a roadway improvement project along CSAH 33 from 37th Street to 48th Street. As part of the project, RPU was required to move transmission poles and install some additional conduit for future electrical capacity. Since RPU had some easements along CSAH 33, RPU will be paid the difference between the relocation costs (\$238,117.14) and conduit installation (\$73,000) totaling \$165,117.14.

Olmsted County has requested RPU to release the existing easements. In exchange for our release, RPU will receive future protection of our infrastructure investment in the form of a Utility Permit. The proposed agreement states Olmsted County will reimburse RPU for any relocation costs incurred by RPU for future relocations initiated by Olmsted County.

The City Attorney has reviewed the agreement.

UTILITY BOARD ACTION REQUESTED:

Management recommends the Board approve the Relocation and Release of Easement Agreements with Olmsted County and authorize the Mayor and the City Clerk to execute the Agreements.

SAP 055-622-050 (CSAH 22 & 33)
Utility Owner: Rochester Public Utilities
Agreement Number 2016633003

UTILITY RELOCATION AGREEMENT
AND
CONTRACT FOR RELEASE OF EASEMENTS

This Agreement Number 2016633003 is between the County of Olmsted, a political subdivision of the State of Minnesota, ("County"), and the City of Rochester, a Minnesota municipal corporation, acting by and through its Utility Board ("Utility Owner"). This Agreement describes how the parties will mitigate the effects of a County construction project on the Utility Owner.

RECITALS

The County has let a contract to construct SAP 055-622-050/055-633-003 (Project) on CSAH 22/CSAH 33. The Project includes Grading, Concrete & Bituminous Paving, Curb & Gutter, Storm Sewer, Bridge 55593, and Path Construction.

The Utility Owner owns and operates a 161 kv Transmission Line and related equipment (Existing Facilities) on private property where the Utility Owner has property rights of a utility easement from the fee landowners on existing utility easements recorded as documents 398681 Rodney C. Morse, 410841 William E. & Jean M. Kammer, 410842 Edward N. & Gertrude B. Mahon and Hawthorn Hill Associates, ("Existing Easements") which are attached as **EXHIBIT A, A1 & A2** to this Agreement. The Existing Easements are on land that the County has purchased in fee title to facilitate the Project ("New Property"). The Existing Facilities are within the limits of the Project adjacent to the west right of way line of CSAH 33 (Broadway Avenue North) and the north right of way line of CR 124 (48th Street NE)

The Project required the Utility Owner to relocate its Existing Facilities from the Existing Easements and the County desires that the Utility Owner release the rights which it possesses in the Existing Easements through execution of the Releases, see **Exhibit B, B1 and B2**, attached to this Agreement. The Utility Owner has requested reimbursement for the relocation of its Facilities from the Existing Easements to the New Property.

In exchange for Utility Owners' Release of the Existing Easements, the County allowed Utility Owner to relocate its transmission line and related Facilities within the CSAH 33 and CR 124 road right of way by issuance of a Utility Permit. The Utility Permit will be issued at no charge to the Utility and shall provide that any future relocation of the Facilities initiated by County shall be at the County's cost and expense.

The County installed conduit on Bridge 55593 for Utility Owner's future use. Utility Owner will reimburse County for this expense through an offset on the compensation to be paid Utility Owner by County.

AGREEMENT

I. Term/Termination

- A. *Effective Date:* This Agreement is effective on the date all signatures from Utility Owner and County are entered herein.
- B. *Expiration Date:* This Agreement will expire when the following conditions are met:
 - 1. County has paid Utility Owner the payment addressed in Section V below;
 - 2. County has issued Utility Owner a Utility Permit consistent with the terms of this Agreement; and
 - 3. County has recorded Utility Owner's Release of Existing Easement document.

II. Utility Owner's Duties

- A. *Relocation:* The Utility Owner has submitted a copy of the relocation plan and completed its relocation work to the County's satisfaction.

III. Utility Owner's Ongoing Maintenance Requirements

- A. Once the County has issued the Utility Permit for Utility Owner's Facilities the Utility Owner must maintain the New Facilities at its own expense.

IV. Property Rights

- A. The Utility Owner's Releases must release its right, title and interest in the Existing Easements. In exchange County shall provide Utility Owner a Utility Permit that shall provide that any relocation of Utility Owner's Facilities within the New Property initiated by the County shall be at the County's sole cost and expense.
- B. The County shall be responsible for recording the Easement Releases and providing Utility Owner with a copy of the recorded documents.

V. Payment

- A. *Payment*
 - 1. **Exhibit C**, attached to this Agreement, is a statement of the lump sum cost of the Utility Owner's relocation work and the total amount the County is required to pay.
 - 2. **Exhibit D**, attached to this Agreement, is the contract cost of the installation of a conduit for future use by RPU on Bridge 55593 under County Project SAP 055-622-050. RPU has agreed to pay the lump sum of \$73,000 for the conduit installation.
 - 3. The County will pay the Utility Owner the balance of the conduit installation and utility relocation costs, which is $\$238,117.14 - \$73,000.00 = \$165,117.14$ upon receiving the Releases executed by authorized officials of the Utility Owner.

- B. *Payment for Easements:* The County shall not pay Utility Owner for the Release of the Existing Easements as it will be providing a Utility Permit under which it will reimburse Utility Owner for any relocation costs incurred by Utility Permit for relocations initiated by County.

VI. Indemnification/Insurance

- A. The Utility Owner will indemnify, save, and hold the County and all of its agents and employees harmless of and from any and all claims, demands, actions, or causes of action of any nature or character arising out of or in connection with any negligent act, error or omission of the Utility Owner or its agents or employees under this Agreement.
- B. The Utility Owner does not waive any defense or immunity of third parties. The Utility Owner, in defending any action on behalf of the County, will be entitled to assert every defense or immunity that the County could assert in its own behalf.
- C. The Utility Owner certifies that its workers' compensation insurance coverage complies with Minnesota Statutes, section 176.181, subdivision 2. The Utility Owner's employees and agents are not considered County employees. The County is not responsible for any claims asserted by the Utility Owner's employees, agents, subcontractors, or any third parties under the Minnesota Workers' Compensation Act.

VII. Nondiscrimination

- A. The Utility Owner will comply with the United States Department of Transportation's nondiscrimination regulations. These regulations are in the current version of the Code of Federal Regulations, title 49, part 21. The Utility Owner must incorporate these regulations by reference in all contracts.
- B. Minnesota Statutes, section 181.59 and any applicable local ordinances pertaining to civil rights and nondiscrimination are also considered part of this Agreement.

VIII. Governing Terms

- A. *Data Practices:* All parties must comply with the Minnesota Government Data Practices Act (Minnesota Statutes, chapter 13) as it applies to any data that a party to this Agreement receives, collects, stores, or disseminates under it. The Act provides civil liability for failure to comply with its requirements.
- B. *Applicable Law:* Minnesota law governs the validity, interpretation, and enforcement of this Agreement. Venue for all legal proceedings arising out of this Agreement, or its breach, must be in Olmsted County District Court, Minnesota.
- C. *Waiver:* If the County fails to enforce any provision of this Agreement, that failure does not waive the provision or the County's right to subsequently enforce it.

- D. *Merger:* This Agreement contains all negotiations and agreements between the County and the Utility Owner. No prior understanding regarding this Agreement, whether written or oral may be used to bind either party.
- E. *Assignment:* The Utility Owner may neither assign nor transfer any rights or obligations under this Agreement without the County's consent and a fully executed assignment agreement. To be valid, the assignment agreement must be signed and approved by the same parties who signed and approved this Agreement, or their successors in office.
- F. *Amendments:* Any amendment to this Agreement must be in writing. An amendment will not be effective until the same parties who signed and approved this Agreement, or their successors in office, sign and approve the amendment.
- G. *Incorporation of Exhibits:* All exhibits attached to this Agreement are incorporated into this Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of this _____ day of _____, 2016.

CITY OF ROCHESTER

By: _____
Its: Ardell Brede, Mayor

By: _____
Its: Aaron Reeves, Clerk

ROCHESTER PUBLIC UTILITIES

By: _____
Its: Mark Kotschevar, General Manager

Approved Form: _____
Its: Terry Adkins, City Attorney

COUNTY OF OLMSTED

By: _____
Its: Stephanie Podulke, Chairperson

By: _____
Richard G. Devlin, Clerk/Administrator

Drafted by:
Dale Prestegard
Olmsted County Public Works
1188 50th Street SE
Rochester, MN 55904

EXHIBIT A Existing Easement 398681**EASEMENT**

FILE NO. 6

KNOW ALL MEN BY THESE PRESENTS, That the undersigned, hereinafter called "Grantor", in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration to Grantor in hand paid does hereby grant unto the City of Rochester, Minnesota, a municipal corporation, with offices at Rochester, Minnesota, hereinafter called "Utility", its successors and assigns, a perpetual right-of-way easement with the right, privilege and authority to construct, reconstruct, operate, maintain and remove lines for the transmission of electric energy, including necessary poles, wires, guys, stubs and other fixtures, over, across, and upon the following described real estate owned by us and located in the County of Olmsted, State of Minnesota, to wit:

Commencing on the Eastwest Quarter line on the West side of the existing Highway No. 63 Right-of-Way line, thence Northerly along the West Highway Right-of-Way line a distance of approximately 28 feet to point of beginning of anchor tract herein described, thence Westerly a distance of 70 feet, thence Northerly parallel to Highway Right-of-Way a distance of 30 feet, thence Easterly to the West Highway Right-of-Way line a distance of 70 feet, thence Southerly along the West Highway Right-of-Way line a distance of 30 feet to the point of beginning; in the East one-half (E 1/2) of the Northwest Quarter (NW 1/4), Section Thirteen (13), Township One Hundred Seven (107N), Range Fourteen (14W), excepting all that part thereof which lies East of Trunk Highway No. 63 as now established, also excepting therefrom that part of the SE 1/4 of said NW 1/4, Section 13, described as follows: Commencing at the SE corner of said NW 1/4 of said Section and running thence West along the South line thereof a distance of 335 feet for a place of beginning, thence West along the said South line a distance of 195 feet, thence North at a right angle to said South line a distance of 147 feet, thence East parallel with said South line a distance of 195 feet, thence South a distance of 147 feet to place of beginning.

Together with the right, privilege and authority to trim or cut down any trees within _____ feet of the center line of said transmission line; and also the right to enter upon the above described premises at any and all times for the purpose above set forth. This shall include the right of the Utility to control or prohibit, the placing or erection of buildings or objects, temporary or permanent, closer than _____ feet of the transmission line.

The Utility, its successors and assigns, will pay for all damages to real estate (except the cutting and trimming of trees as herein authorized), tiling, fences, crops, and livestock caused by the construction, operation and maintenance of said transmission line.

The payment for the rights herein granted is based on an initial installation not to exceed NO poles and 4 anchors. Any additional poles and anchors required in the original construction shall be paid for in accordance with payment schedule which is by this reference made a part thereof. Additional poles or anchors required in the future will require additional payment at a price to be agreed upon at that time.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 15 day of JUNE, 1977.

WITNESSES:

STATE OF MINNESOTA }
COUNTY OF OLMSTED } ss. _____ (SEAL)

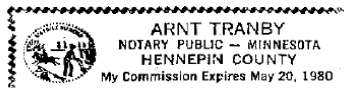
On this 15 day of JUNE, 1977, before me, a notary public within and for the County of HENNEPIN State of MINNESOTA personally appeared,

RODNEY C. MORSE

to me known to be the person described in and who executed the foregoing instrument and acknowledged that he _____ executed the same as HIS free and voluntary act and deed.

My Commission Expires _____

NOTARY PUBLIC



Rodney C. Morse

THIS INSTRUMENT WAS DRAFTED
BY ULTEIG ENGINEERS INC. OF
MINNEAPOLIS, MINNESOTA

Attachment: Relocation Agreement and Exhibits (6404 : Utility Relocation and Release of Easements Agreement)

EXHIBIT A1 Existing Easement 410841**EASEMENT**FILE NO. 8

KNOW ALL MEN BY THESE PRESENTS, That the undersigned, hereinafter called "Grantor", in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration to Grantor in hand paid does hereby grant unto the City of Rochester, Minnesota, a municipal corporation, with offices at Rochester, Minnesota, hereinafter called "Utility", its successors and assigns, a perpetual right-of-way easement with the right, privilege and authority to construct, reconstruct, operate, maintain and remove lines for the transmission of electric energy, including necessary poles, wires, guys, stubs and other fixtures, over, across, and upon the following described real estate owned by us and located in the County of Olmsted, State of Minnesota, to wit:

The South 65 feet of the following described property:

That part of the Southwest Quarter (SW1/4) of the Northeast Quarter (NE1/4) of Section 13, Township 107, North of Range 14 West in Olmsted County, Minnesota, described as follows: Commencing at the Southwest corner of said Northeast Quarter (NE1/4) and running thence East along the South line thereof a distance of 674.35 feet for a place of beginning, running thence North at a right angle to said South line a distance of 180 feet, thence East parallel with said South line a distance of 242 feet, thence South a distance of 180 feet to the South line thereof, thence West a distance of 242 feet to the place of beginning, less County Road right of way.

The grant herein contained shall also include the right of grantee to permit the attachments of crossarms and wires of others to the structures of said transmission line.

Together with the right, privilege and authority to trim or cut down any trees within 18 feet of the center line of said transmission line; and also the right to enter upon the above described premises at any and all times for the purpose above set forth. This shall include the right of the Utility to control or prohibit, the placing or erection of buildings or objects, temporary or permanent, closer than 18 feet of the transmission line.

The Utility, its successors and assigns, will pay for all damages to real estate (except the cutting and trimming of trees as herein authorized), tiling, fences, crops, and livestock caused by the construction, operation and maintenance of said transmission line.

The payment for the rights herein granted is based on an initial installation not to exceed 0 poles and 0 anchors. Any additional poles and anchors required in the original construction shall be paid for in accordance with payment schedule which is by this reference made a part thereof. Additional poles or anchors required in the future will require additional payment at a price to be agreed upon at that time.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 5th day of December, 1978.

WITNESSES:

William E. Kammer (SEAL)

Jean M. Kammer (SEAL)

(SEAL)

STATE OF Minnesota

COUNTY OF Olmsted

ss.

(SEAL)

(SEAL)

On this 5th day of December, 1978, before me, a notary public within and for the

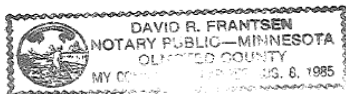
County of Olmsted State of Minnesota personally appeared,

William E. Kammer and Jean M. Kammer (husband and wife)

to me known to be the person s described in and who executed the foregoing instrument and acknowledged that he executed the same as his free and voluntary act and deed.

My Commission Expires August 8, 1985

NOTARY PUBLIC



William E. & Jean M. Kammer

Attachment: Relocation Agreement and Exhibits (6404 : Utility Relocation and Release of Easements Agreement)

EXHIBIT A2 Existing Easement 410842

(Fee Owner) Edward N. Mahon and wife, Gertrude B.
(Contract Buyer) Hawthorn Hill Associates

EASEMENTFILE NO. 7

KNOW ALL MEN BY THESE PRESENTS, That the undersigned, hereinafter called "Grantor", in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration to Grantor in hand paid does hereby grant unto the City of Rochester, Minnesota, a municipal corporation, with offices at Rochester, Minnesota, hereinafter called "Utility", its successors and assigns, a perpetual right-of-way easement with the right, privilege and authority to construct, reconstruct, operate, maintain and remove lines for the transmission of electric energy, including necessary poles, wires, guys, stubs and other fixtures, over, across, and upon the following described real estate owned by us and located in the County of Olmsted, State of Minnesota, to wit:

The South 65 feet of the following described property:

The S1/2 of the NE1/4 of Section 13, Township 107N, Range 14W, except that part of the Southwest Quarter (SW1/4) of the Northeast Quarter (NE1/4) of Section 13, Township 107, North of Range 14 West in Olmsted County, Minnesota, described as follows: Commencing at the Southwest corner of said Northeast Quarter (NE1/4) and running thence East along the South line thereof a distance of 674.35 feet for a place of beginning, running thence North at a right angle to said South line a distance of 180 feet, thence East parallel with said South line a distance of 242 feet, thence South a distance of 180 feet to the South line thereof, thence West a distance of 242 feet to the place of beginning. Also less County Road right of way.

Also, the South 65 feet of the S 1/2 of the NW1/4 of Section 18, Township 107N, Range 13, except the West 990 feet, also less County Road right of way.

The grant herein contained shall also include the right to grantee to permit the attachments of crossarms and wires of others to the structures of said transmission line.

Together with the right, privilege and authority to trim or cut down any trees within 18 feet of the center line of said transmission line; and also the right to enter upon the above described premises at any and all times for the purpose above set forth. This shall include the right of the Utility to control or prohibit, the placing or erection of buildings or objects, temporary or permanent, closer than 18 feet of the transmission line.

The Utility, its successors and assigns, will pay for all damages to real estate (except the cutting and trimming of trees as herein authorized), tiling, fences, crops, and livestock caused by the construction, operation and maintenance of said transmission line.

The payment for the rights herein granted is based on an initial installation not to exceed 0 poles and 0 anchors. Any additional poles and anchors required in the original construction shall be paid for in accordance with payment schedule which is by this reference made a part thereof. Additional poles or anchors required in the future will require additional payment at a price to be agreed upon at that time.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 15 day of December, 1978

WITNESSES:

STATE OF MinnesotaCOUNTY OF Olmsted

On this 15 day of December, 1978, before me, a notary public within and for the County of Olmsted State of Minnesota personally appeared, Edward N. Mahon, Gertrude B. Mahon

to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free and voluntary act and deed.

My Commission Expires Feb 19, 1983

STATE OF ILLINOIS)
COUNTY OF COOK) SS.

On this 26th day of December, 1978, before me, a notary public within and for the county of Cook, State of Illinois, personally appeared Theodore W. Anderson to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free and voluntary act and deed.

NOTARY PUBLIC
GEORGE SCHLIETZ
NOTARY PUBLIC - MINNESOTA
OLMSTED COUNTY

My Commission Expires: 4/17/81

EXHIBIT B**MINNESOTA RELEASE OF EASEMENT**

WHEREAS **CITY OF ROCHESTER**, a Minnesota municipal corporation acting by and through its Utility Board (hereinafter referred to as ("City") as the holder of the easement rights which were granted in an easement dated June 15, 1977 by instrument recorded in the Recorder's Office of Olmsted County, Minnesota on March 16, 1978 as Document No. 398681 (hereinafter referred to as the "Easement"), the legal description of the Easement is described in said document as follows:

Commencing on the Eastwest Quarter line on the West side of the existing Highway No. 63 Right-of-Way line, thence Northerly along the West Highway Right-of-Way line a distance of approximately 28 feet to point of beginning of anchor tract herein described, thence Westerly a distance of 70 feet, thence Northerly parallel to Highway Right-of-Way a distance of 30 feet, thence Easterly to the West Highway Right-of-Way line a distance of 70 feet, thence Southerly along the West Highway Right-of-Way a distance of 30 feet to the point of beginning; in the East one-half (E 1/2) of the Northwest Quarter (NW 1/4), Section Thirteen (13), Township One Hundred Seven (107N), Range Fourteen (14W), excepting all that part thereof which lies East of Trunk Highway No. 63 as now established, also excepting therefrom that part of the SE 1/4 of said NW 1/4, Section 13, described as follows: Commencing at the SE corner of said NW 1/4 of said Section and running thence West along the South line thereof a distance of 335 feet for a place of beginning, thence West along the said South line a distance of 195 feet, thence North at a right angle to said South line a distance of 147 feet, thence East parallel with said South line a distance of 195 feet, thence South a distance of 147 feet to place of beginning.

WHEREAS, **City** has been requested to release all of its right, title and interest in the Easement.

NOW THEREFORE, for and in consideration of the payment to relocate utilities, the agreement of the parties hereunder and other good and valuable consideration, the receipt of which is hereby acknowledged, **City** hereby releases all of its interests in the above described Easement and the Easement is hereby terminated.

In accepting this Release of Easement, County of Olmsted, Minnesota, a political subdivision of the State of Minnesota (hereinafter referred to as "Grantee") acknowledges that **City** is hereby forever released of all obligations and duties under said Easement and must remove any of its facilities currently located in the Easement and any and all improvements to the easement property.

THIS Release of Easement shall inure to the benefit of and be binding upon the parties hereto, their respective grantees, successors and assigns.

IN WITNESS WHEREOF, City has signed or caused this instrument to be signed this _____ day of _____, 2016.

**ROCHESTER PUBLIC UTILITIES
CITY OF ROCHESTER**

By: _____
Its: General Manager

By: _____
Its: Mayor

By: _____
Its: City Clerk

Approved _____
As to Form: City Attorney

STATE OF MINNESOTA)
) ss
COUNTY OF OLMSTED)

The foregoing instrument was acknowledged before me this _____ day of _____ 2016, by Mark Kotschevar, General Manager, Ardell F. Brede, Mayor, Aaron Reeves, City Clerk and Terry Adkins, City Attorney, of the City of Rochester, a Minnesota municipal corporation, on behalf of said corporation.

Notarial Stamp or Seal

Notary Public

Drafted by:
Dale Prestegard
Olmsted County Public Works
1188 50th Street SE
Rochester, MN 55904

EXHIBIT B1**MINNESOTA RELEASE OF EASEMENT**

WHEREAS, **CITY OF ROCHESTER**, a Minnesota municipal corporation acting by and through its Utility Board (hereinafter referred to as ("City")) as the holder of the easement rights which were granted in an easement dated December 5, 1978 by instrument recorded in the Recorder's Office of Olmsted County, Minnesota on January 31, 1979 as Document No. 410841 (hereinafter referred to as the "Easement"), the legal description of the Easement is described in said document as follows:

The South 65 feet of the following described property:

That part of the Southwest Quarter (SW1/4) of the Northeast Quarter (NE1/4) of Section 13, Township 107, North of Range 14 West in Olmsted County, Minnesota, described as follows: Commencing at the Southwest corner of said Northeast Quarter (NE1/4) and running thence East along the South line thereof a distance of 674.35 feet for a place of beginning, running thence North at a right angle to said South line a distance of 180 feet, thence East parallel with said South line a distance of 242 feet, thence South a distance of 180 feet to the South line thereof, thence West a distance of 242 feet to the place of beginning, less County Road right of way.

WHEREAS, **RPU** has been requested to release all of its right, title and interest in the Easement.

NOW THEREFORE, for and in consideration of the payment to relocate utilities, the agreement of the parties hereunder and other good and valuable consideration, the receipt of which is hereby acknowledged, **City** hereby releases all of its interests in the above described Easement and the Easement is hereby terminated.

In accepting this Release of Easement, County of Olmsted, Minnesota, a political subdivision of the State of Minnesota (hereinafter referred to as "Grantee") acknowledges that **City** is hereby forever released of all obligations and duties under

said Easement and must remove any of its facilities currently located in the Easement and any and all improvements to the easement property.

THIS Release of Easement shall inure to the benefit of and be binding upon the parties hereto, their respective grantees, successors and assigns.

IN WITNESS WHEREOF, City has signed or caused this instrument to be signed this _____ day of _____, 2016.

**ROCHESTER PUBLIC UTILITIES
CITY OF ROCHESTER**

By: _____
Its: General Manager

By: _____
Its: Mayor

By: _____
Its: City Clerk

Approved _____
As to Form: City Attorney

STATE OF MINNESOTA)
) ss
COUNTY OF OLMSTED)

The foregoing instrument was acknowledged before me this _____ day of _____ 2016, by Mark Kotschevar, General Manager, Ardell F. Brede, Mayor, Aaron Reeves, City Clerk and Terry Adkins, City Attorney, of the City of Rochester, a Minnesota municipal corporation, on behalf of said corporation.

Notarial Stamp or Seal

Notary Public

Drafted by:
Dale Prestegard
Olmsted County Public Works
1188 50th Street SE
Rochester, MN 55904

EXHIBIT B2**MINNESOTA RELEASE OF EASEMENT**

WHEREAS, **CITY OF ROCHESTER**, a Minnesota municipal corporation acting by and through its Utility Board (hereinafter referred to as ("RPU")) as the holder of the easement rights which were granted in an easement dated December 15, 1978 by instrument recorded in the Recorder's Office of Olmsted County, Minnesota on January 31, 1979 as Document No. 410842 (hereinafter referred to as the "Easement"), the legal description of the Easement is described in said document as follows:

The South 65 feet of the following described property:

The S1/2 of the NE1/4 of Section 13, Township 107N, Range 14W, except that part of the Southwest Quarter (SW1/4) of the Northeast Quarter (NE1/4) of Section 13, Township 107, North of Range 14 West in Olmsted County, Minnesota, described as follows: Commencing at the Southwest corner of said Northeast Quarter (NE1/4) and running thence East along the South line thereof a distance of 674.35 feet for a place of beginning, running thence North at a right angle to said South line a distance of 180 feet, thence East parallel with said South line a distance of 242 feet, thence South a distance of 180 feet to the South line thereof, thence West a distance of 242 feet to the place of beginning. Also less County Road right of way.

Also, the South 65 feet of the S 1/2 of the NW1/4 of Section 18, Township 107N, Range 13, except the West 990 feet, also less County Road right of way.

WHEREAS, **City** has been requested to release all of its right, title and interest in the Easement.

NOW THEREFORE, for and in consideration of the payment to relocate utilities, the agreement of the parties hereunder and other good and valuable consideration, the receipt of which is hereby acknowledged, **City** hereby releases all of its interests in the above described Easement and the Easement is hereby terminated.

In accepting this Release of Easement, County of Olmsted, Minnesota, a political

subdivision of the State of Minnesota (hereinafter referred to as "Grantee") acknowledges that **City** is hereby forever released of all obligations and duties under said Easement and must remove any of its facilities currently located in the Easement and any and all improvements to the easement property.

THIS Release of Easement shall inure to the benefit of and be binding upon the parties hereto, their respective grantees, successors and assigns.

IN WITNESS WHEREOF, City has signed or caused this instrument to be signed this ____ day of _____, 2016.

**ROCHESTER PUBLIC UTILITIES
CITY OF ROCHESTER**

By: _____
Its: General Manager

By: _____
Its: Mayor

By: _____
Its: City Clerk

Approved _____
As to Form: City Attorney

STATE OF MINNESOTA)) ss
COUNTY OF OLMSTED)

The foregoing instrument was acknowledged before me this _____ day of _____ 2016, by Mark Kotschevar, General Manager, Ardell F. Brede, Mayor, Aaron Reeves, City Clerk and Terry Adkins, City Attorney, of the City of Rochester, a Minnesota municipal corporation, on behalf of said corporation.

Notarial Stamp or Seal

Notary Public

Drafted by:
Dale Prestegard
Olmsted County Public Works
1188 50th Street SE
Rochester, MN 55904

EXHIBIT C LUMP SUM UTILITY RELOCATION COST

Pole	Cost
Q6025	\$ 26,532.27
Q6026	\$ 29,311.53
Q6036A	\$ 22,812.77
Q6037	\$ 22,008.76
Q6038	\$ 25,688.25
Q6039	\$ 26,016.69
Q6040	\$ 26,076.50
Q6041	\$ 25,004.31
Q6042	\$ 34,666.06
TOTAL	\$238,117.14

Item No.	Description	Easement Document	Structure Cost	Structure with Loading	Foundation/Set Cost	Pole Framing Material Costs	Pole Framing Labor	Wire Footage	Wire Material Costs	Wire Labor Costs	Total
Q6025	105 ft. H-6	398427	\$8,289.00	\$ 8,424.18	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	340	\$ 2,583.97	\$ 6,732.00	\$ 26,532.27
Q6026	100 ft. H-5	398427	\$10,707.00	\$ 10,921.14	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	340	\$ 2,662.27	\$ 6,936.00	\$ 29,311.53
Q6027	96 ft. H-2	398427	\$6,614.00	\$ 6,746.28	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	350	\$ 2,740.57	\$ 7,140.00	\$ 25,418.97
Q6028	96 ft. H-2	398427	\$6,474.00	\$ 6,603.48	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	230	\$ 1,800.95	\$ 4,692.00	\$ 21,888.55
Q6029	80 ft. H-2		\$8,382.00	\$ 8,519.84	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	461	\$ 3,609.72	\$ 9,404.40	\$ 28,326.09
Q6030	96 ft. H-5		\$7,296.00	\$ 7,401.12	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	340	\$ 2,662.27	\$ 6,936.00	\$ 25,791.51
Q6031	90 ft. H-6	398679	\$6,713.00	\$ 6,847.26	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	340	\$ 2,662.27	\$ 6,936.00	\$ 25,237.65
Q6032	90 ft. H-2	398679	\$5,653.00	\$ 5,664.08	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	350	\$ 2,740.57	\$ 7,140.00	\$ 24,336.75
Q6032A	94 ft. H-6	398679	\$7,886.00	\$ 8,145.72	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	195	\$ 1,526.89	\$ 3,978.00	\$ 22,442.73
Q6033	90 ft. H-4	398680	\$6,116.00	\$ 6,241.38	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	155	\$ 1,213.68	\$ 3,162.00	\$ 19,409.18
Q6034	95 ft. H-5		\$7,336.00	\$ 7,482.72	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	360	\$ 2,818.87	\$ 7,344.00	\$ 26,437.72
Q6034A	90 ft. H-6		\$10,798.00	\$ 11,013.96	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	160	\$ 1,252.83	\$ 3,264.00	\$ 24,322.92
Q6035	95 ft. H-1		\$6,271.00	\$ 6,386.42	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	200	\$ 1,566.04	\$ 4,080.00	\$ 20,834.58
Q6036	85 ft. H-6	398681	\$18,238.00	\$ 18,602.76	\$ 55,000.00	\$ 4,464.46	\$ 7,782.60	360	\$ 2,818.87	\$ 7,344.00	\$ 96,012.70
Q6036A	105 ft. H-6	410842	\$9,671.00	\$ 10,059.42	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	140	\$ 1,066.23	\$ 2,856.00	\$ 22,812.77
Q6037	105 ft. H-3	410842	\$7,607.00	\$ 7,147.14	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	215	\$ 1,663.49	\$ 4,386.00	\$ 22,008.76
Q6038	105 ft. H-2	410841	\$6,678.00	\$ 7,015.96	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	350	\$ 2,740.57	\$ 7,140.00	\$ 25,688.25
Q6039	110 ft. H-3	410842	\$7,200.00	\$ 7,344.00	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	350	\$ 2,740.57	\$ 7,140.00	\$ 26,016.69
Q6040	115 ft. H-6	410842	\$8,198.00	\$ 9,379.82	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	280	\$ 2,192.46	\$ 5,712.00	\$ 26,076.50
Q6041	105 ft. H-2	410842	\$6,761.00	\$ 6,886.22	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	340	\$ 2,583.97	\$ 6,732.00	\$ 25,004.31
Q6042	95 ft. H-4	410842	\$7,100.00	\$ 7,242.00	\$ 1,200.00	\$ 2,624.72	\$ 4,967.40	660	\$ 5,167.93	\$ 13,464.00	\$ 34,666.06
Total			\$168,729.00	\$ 172,103.58	\$ 79,000.00	\$ 56,958.93	\$ 107,130.60	6,496	\$ 50,864.98	\$ 132,518.40	\$ 598,576.49

Structure in Easement
Part of Structure/Support in Easement
Adjacent to easement/overhand in easement

\$ 74,438.58	\$ 10,800.00	\$ 23,822.51	\$ 44,706.60	\$ 23,451.45	\$ 61,098.00	\$ 238,117.14
\$ 18,602.76	\$ 55,000.00	\$ 4,464.46	\$ 7,782.60	\$ 2,818.87	\$ 7,344.00	\$ 96,012.70
\$ 40,248.18	\$ 7,200.00	\$ 15,748.34	\$ 29,804.40	\$ 12,684.92	\$ 33,048.00	\$ 138,733.85

Unit - 0

EXHIBIT D LUMP SUM CONDUIT INSTALLATION COST

Schedule Of Prices Report

Page 10 of 13

BIDDER MUST FILL IN UNIT PRICES IN NUMERALS; MAKE EXTENSION FOR EACH ITEM AND TOTAL. FOR COMPLETE INFORMATION CONCERNING THESE ITEMS, SEE PLANS AND SPECIFICATIONS, INCLUDING SPECIAL PROVISIONS.					
Item No.	Description	Units	Quantity	Unit Price	Total Price
2511.501	RANDOM RIPRAP CLASS III	C Y	58.00	\$45.00	\$2,610.00
2511.501	RANDOM RIPRAP CLASS IV	C Y	13,620.00	\$45.00	\$612,900.00
2511.515	GEOTEXTILE FILTER TYPE IV	S Y	1,574.00	\$2.00	\$3,148.00
2511.515	GEOTEXTILE FILTER TYPE VII	S Y	21,209.00	\$2.00	\$42,418.00
2521.501	4" CONCRETE WALK	S F	63,480.00	\$3.04	\$192,979.20
2521.501	6" CONCRETE WALK	S F	4,880.00	\$10.14	\$49,483.20
2531.501	CONCRETE CURB & GUTTER DESIGN B424	L F	47,890.00	\$12.26	\$587,131.40
2531.501	CONCRETE CURB & GUTTER DESIGN B624	L F	980.00	\$15.64	\$15,327.20
2531.618	TRUNCATED DOMES	S F	560.00	\$34.25	\$19,180.00
2533.507	PORTABLE PRECAST CONC BARRIER DES 8337	L F	1,160.00	\$19.00	\$22,040.00
2533.508	RELOCATE PORT PRECAST CONC BAR DES 8337	L F	980.00	\$5.25	\$5,145.00
2545.509	CONDUIT SYSTEM (POWER)	LS	1.00	\$73,000.00	\$73,000.00
2545.509	CONDUIT SYSTEM (TELEPHONE)	LS	1.00	\$51,930.00	\$51,930.00
2554.501	TRAFFIC BARRIER DESIGN SPECIAL	L F	50.00	\$62.00	\$3,100.00
2554.501	TRAFFIC BARRIER DESIGN B8338	L F	300.00	\$18.00	\$5,400.00
2554.505	PERMANENT BARRICADES	L F	32.00	\$38.00	\$1,216.00
2554.509	GUIDE POST TYPE B	EACH	127.00	\$32.25	\$4,095.75
2554.615	IMPACT ATTENUATOR NO 1	AMBY	2.00	\$3,550.00	\$7,100.00
2554.615	IMPACT ATTENUATOR NO 2	AMBY	4.00	\$2,900.00	\$11,600.00
2554.615	RELOCATE IMPACT ATTENUATOR	AMBY	2.00	\$750.00	\$1,500.00
2563.601	TRAFFIC CONTROL	LS	1.00	\$43,000.00	\$43,000.00
2563.602	PORTABLE CONCRETE BARRIER DELINEATOR	EACH	39.00	\$8.25	\$321.75

Attachment: Relocation Agreement and Exhibits (6404 : Utility Relocation and Release of Easements Agreement)

Application for Utility Permit

Olmsted County Public Works
507-328-7060
2122 Campus Drive SE
Suite 200
Rochester, MN 55904

Permit#: **2016-019**

Status: Work Complete

Road: 124, 33

City/Twp: Rochester

Applicant

Name: Steven Cook
Title: Sr. Electrical Engineer
Phone: (507) 280-1570
Email: countypermit@rupu.org

Company of Applicant

Name: Rochester Public Utilities
Address: 4000 East River Road NE
Rochester, MN 55906
Phone: (507) 280-1570
Fax: (507) 280-1542



Construction Dates

Start: 04/07/2016

End: 10/03/2016

Aerial

Aerial type:

{Other: single pole with horizontal post for transmission and distribution on a crossarm}

Voltage:	161kV and 13.8KV
Conductors:	8
Conductor size:	3/8", 4/0, 336, 556
Minimum height along road:	16
Minimum height at crossings over road:	30

Payment method**Payment details**

Credit Card

Total:

\$0.00

Construction Description

Relocation of existing transmission and distribution facilities

Site(s)

Road	Length	From	To	Shortest distance from centerline	Relative to Road
33	1	22	124	100'	West
124	0.5	33	Hadley Creek Dr	40'	North

[Q6 P&P for 55th Street Extension Reduced.pdf](#)**Special provisions:**

- Mark permit complete once work is finished to initiate final inspection.

Notes:

Coordinate any questions with Scott Holmes, 507-328-7025.

Approval**Digital Signature**

Applicant	Ryan Moore - 08/01/2016 1:06 PM a49742147bf35d7412fe8ab7c8b5705a cfaed8df606c3e013d87c5d10bb2cd21
#1 Permits/Surveys/Travis Martin	Travis Martin - 08/01/2016 1:08 PM a11ced9679ba4e1c8e2c01cfееbc71e ce21403c37dab9565e76bcd961f6831d
#1 Sr. Survey Technician Jeremy Douglas	Travis Martin - 08/01/2016 1:08 PM f2abaab13e8e031b8afe5d4668a09ccb 6ae7a7ab3ac91d7c4b6bfa58771236ab
#2 Utility Permit Manager/Dale Prestegard	Travis Martin - 08/01/2016 1:08 PM 511e446f3d5fb44f089d70ae2fb06a9e 2060a11daa776acef21b6f2b36f6f3a5

AERIAL

Attachment: Relocation Agreement and Exhibits (6404 : Utility Relocation and Release of Easements Agreement)

1. 1. There shall be only a single pole line on the county highway right of way on either side of the center line thereof unless otherwise approved by the County. Individual pole locations shall be approved by the County prior to installation.
2. Longitudinal installations on county highways shall normally be located in the outer five feet of the right of way. Poles, brace poles, anchors and anchor poles shall be placed outside of the clear zone unless right of way widths are prohibitive to such location.
3. In those instances in which a Utility is issued a Permit or Permits for construction on both sides of the county highway right of way in a given area, such Permit is conditioned upon the Utility subsequently providing joint use to other Utilities upon reasonable terms mutually agreeable to the Utilities.

DEFINITIONS

1. Utility - Under this order utility shall mean and include all privately, publicly or cooperatively owned communication lines and facilities, any systems, lines and facilities for the distribution and transmission of electrical energy, oil, gas, water, sewer, steam and other pipe lines, railways, ditches, flumes or other structures which under the laws of this State or the ordinance of any village or city may be constructed, placed or maintained across, along or on county highway right of way. Dependent upon the meaning intended in the context, Utility shall also mean the utility company, inclusive of any wholly owned subsidiary.

County - Shall mean Olmsted County, its employees, successors, agents or assigns.

GENERAL

1. 1. Except as otherwise permitted, utility construction and relocation on county highway right of way shall not commence until an application for a Permit has been made and such Permit approved. The Permit process will not begin prior to payment of permit fee.
2. No Utility work shall be allowed on Sunday's or legal holidays without prior consent of County.
3. Bike paths are not to be used to park equipment on or as access roads.
4. Any manhole, hand hole, splice box, etc... placed within the right of way shall be marked with an approved post, sign, or marker being a minimum of 5 feet in height and produced of highly visible materials.
5. The Permit sketch or utility construction plans shall show the location of the proposed construction work with reference to county highway centerline and highway right of way line. The proper right of way width should be indicated. A copy of the sketch shall be attached to each copy of such Permit. Utility lines, manholes, handholes, splice boxes, etc.. shall not be located in the ditch bottom.
6. The Utility shall notify the County at least 48 hours in advance of the actual start of the work at 507-328-7070.

7. Utility shall be responsible for contractor's actions and operations, including but not limited to traffic control, installation location, depth, conformance with permit requirements and final cleanup.

8. Tree and/or vegetation removal operations where needed shall be the responsibility of the Utility and shall be approved prior to start of operation. All waterways and lines of drainage shall remain operative. Wherever topsoil and sod are disturbed they shall be replaced and maintained until the turf is established.

9. The utility facility and installation shall not interfere with any existing utility facilities on the County right of way. Any deviation of two (2) feet or more from the approved location requires Utility to notify County prior to said deviation. As-built plans shall be submitted to show deviation location.

10. The design and placement of all signs, barricades, and other warning devices shall conform to the current Minnesota Manual on Uniform Traffic Control Devices. When necessary, barricades, warning devices and flagmen shall be provided by the Utility during all phases of their construction and maintenance operations on county highway right of way. The appropriate work zone traffic control layout shall be submitted with the permit request. Work zone traffic control layouts are available at the link provided in the REFERENCE section of this permit.

11. At the time of construction of the utility and at the times of subsequent maintenance, prior approval shall be obtained from the County for the cutting and trimming of trees within the county highway right of way. Wherever trees are cut the resulting stumps shall be removed unless otherwise provided in the Special Provisions of the Permit. Any holes caused by stump removal shall be backfilled, are leveled and all materials associated therewith disposed of outside the county highway right of way. The utility shall advise the County at least 48 hours in advance of its intent to start clearing and grubbing operations.

12. The Utility shall notify the County of its intent to perform service and maintenance operations which will interfere with the flow of traffic on county highways, and shall obtain approval prior to performing such operations. However, the Company may perform service and maintenance operations on county highways including opening and disturbing the surface of the right of way without prior approval in those instances where an emergency exists that is dangerous to the life or safety of the public and which requires immediate repair. The Utility shall take all necessary and reasonable safety measures to protect the traveling public and shall within two business days after the occurrence apply for the necessary permit. A permit is not required if the repair is caused by another Permittee's work in the right of way.

13. If at any time Olmsted County shall deem it necessary to make any improvements or changes on all or any part of the county highway right of way, then and in such event, the owner of the utility shall within 15 days after written notice from the County, proceed to alter, change, vacate or remove said utility from the county right of way so as to conform to said county highway changes and as directed by the County. Such work shall be done without any cost whatsoever to Olmsted County and shall be completed within the date specified in said written notice. The Utility shall assume all liability and save Olmsted County harmless from any and all claims or damage of any nature whatsoever occasioned by reason of not having removed said utility within the time specified in said notice. If work cannot be completed within the dates specified, a written request for an extension must be made to the County.

14. The Utility and Contractor shall assume all liability for, and save the County, its agents and employees, harmless from, any and all claims for damages, actions or causes of action arising out of the work to be done herein and the continuing uses by the Utility, including but not limited to the placing, constructing, reconstructing, maintaining and using of said utility under this application and Permit.

15. The Permit as issued does not in any way imply an easement on public or private property. The permit does not convey any property rights within the highway right of way to the Permittee. If the highway right of way covered by this permit needs to be used or changed, the Utility or its assigns shall move, remove, change, the improvements described in this permit without any obligation to the County.

16. The Installations shall be made in conformity with all applicable laws, regulations and codes covering said installations. All installations shall be made in conformity with regulations of governmental agencies for the protection of the public.

17. Upon completion of an Installation, the Utility shall immediately restore the right of way to its original condition or better. County shall be notified within 5 working days of completion for final inspection. Contact the Permit Office: 507.328.7070.

OPEN TRENCH

1. 1. Open trenching in roadbeds may only be allowed when no other method will work and only after adequate justification. Trenches in roadbeds will not be allowed to remain open overnight without consent from the County.
2. Trench excavations in roadway shall be backfilled with a minimum of 18" of Sand or as found. Class 5 base shall be replaced to a minimum depth of 9 inches or as found. Compaction of these materials shall be in accordance with the Ordinary Compaction Method for compacting embankments, Specification 2105 of Mn/DOT Standard Specifications for Highway Construction, Current Edition.
3. Bituminous surfacing shall be replaced to a minimum depth of 6 inches (4 inches of non wear and 2 inches of wear) or as found and installed in accordance with MN/DOT's combined specification 2350 / 2360 asphalt pavement.
4. Concrete Surfacing shall be replaced as per Utility Trench Full Depth Repair Type SA-C2.

ROCHESTER PUBLIC UTILITIES

LINE Q6: MODIFICATIONS DUE TO 55TH STREET EXTENTION.

161kV TRANSMISSION LINE

List of Structures affected due to 55th street extension												
Str #	Station (ft.)	X Easting (ft.)	Y Northing (ft.)	Line Angle (Deg.)	Ahead Span (ft.)	Pole Type	Pole Length (ft.)	Embed Length (ft.)	Future Embed Length (ft.)	Proposed Ground (CUT) / FILL In ft.	Structure Configuration	Remarks
Q6024	EXISTING CONNECTION											
Q6025	7274.33	3031238.650	719251.830	7.9217	295.1	LD7	105	15.5	13.5	(2.4)	OT3AN27	
Q6026	7569.47	3031322.006	719534.953	11.3409	301.8	LD6	100	13	13	(0.6)	OT3AN28	4 GUY LEADS @ 50', 40', 36'
Q6027	7871.25	3031462.500	719802.030	1.0219	282.3	LD3	95	12.5	17.5	5.9	OT3AN26	
Q6028	8153.52	3031598.348	720049.462	-0.1153	229.0	LD3	95	12.5	13.5	1.4	OT3AN26	
Q6028A	RE ATTACH EXISTING											
Q6029	8645.07	3031833.990	720480.850	-0.9007	293.237	LD3	90	12	13	1.2	OT3AN26	
Q6030	8938.31	3031970.470	720740.390	-4.8622	297.248	LD6	95	14.5	12.5	(2.7)	OT3AN26	
Q6031	9235.56	3032086.020	721014.260	-6.8653	277.4	LD7	90	15	12	(3.5)	OT3AN27	
Q6032	9512.96	3032162.530	721280.900	-1.7455	278.404	LD3	90	12	12	0	OT3AN27	
Q6032A	9791.36	3032231.130	721550.720	-8.7465	265.38	LD7	95	16.5	12.5	(4.2)	OT3AN27	
Q6033	10056.74	3032256.650	721814.870	-5.8233	300.574	LD5	90	12	16	4.6	OT3AN27	
Q6034	10357.31	3032255.050	722115.440	-7.9381	283.176	LD6	95	12.5	14.5	2.1	OT3AN27	
Q6034A	10640.49	3032214.450	722395.690	0.5345	324.762	LD7	90	12	14	1.9	OT3AN26	4 GUY LEADS @ 30', 36'
Q6035	10965.25	3032170.888	722717.517	0	214.32	LD2	95	12.5	13.5	1.7	OT3AN26	
Q6036	11179.57	3032142.140	722929.900	100.3818	323.981	CUSTOM	85	FOUNDATION			OT3DD16	
DIST STR	11415.43	3032377.740	722918.900	PEOPLE's CO-OP STRUCTURE (40 FEET CLASS 3 WOOD POLE w/EMBED 8.5 FEET, AND DE GUYS)								
Q6036A	11498.46	3032465.766	722914.732	-0.6355	335.6	LD7	105	13.5	13.5	0	OT3AN26	2 GUY LEADS @ 47'
Q6037	11834.09	3032801.181	722902.577	0	306.3	LD4	105	13.5	13.5	0	OT3AN26	
Q6038	12140.36	3033107.251	722891.486	0	303.4	LD3	105	13.5	15.5	2.2	OT3AN26	
Q6039	12443.73	3033410.420	722880.500	-0.2609	308.2	LD4	110	14	14	0	OT3AN26	
Q6040	12751.98	3033718.510	722870.740	4.3247	308.2	LD7	115	21.5	14.5	(8.6)	OT3AN27	
Q6041	13060.17	3034024.940	722837.780	-0.0047	285.4	LD3	105	13.5	13.5	0	OT3AN27	
Q6042	13345.59	3034308.720	722807.280	-5.1677	281.5	LD5	90	12	16	5.3	OT3AN26	
Q6043	EXISTING CONNECTION											

CONDUCTOR TENSION DETAILS						
SECTION		CONDUCTOR	kV	NESC HVY w/K, INITIAL DESIGN TENSION (LBS)	RULING SPAN (FT.)	DISPLAY W.C.
BACK	AHEAD					
SHEET: Q6-PP-003	6021	6036	7NO 9 ALUMOWELD. WIR	0.0	2600 #	-20 BARE, UPLIFT WINTER AMB
	6021	6036	556.5 kcmil 18/1 Strands OSPREY ACSR	161.0	4150 #	212 DEG. F., MAX SAG
	6021	6030	336.4 kcmil 18/1 Strands MERLIN ACSR	13.8	3250 #	212 DEG. F., MAX SAG
	6021	6030	4 /O AWG 6/1 Strands PENGUIN ACSR	0.0	2680 #	212 DEG. F., MAX SAG
	6030	6034A	336.4 kcmil 18/1 Strands MERLIN ACSR	13.8	3250 #	212 DEG. F., MAX SAG
	6030	6034A	4 /O AWG 6/1 Strands PENGUIN ACSR	0.0	2700 #	212 DEG. F., MAX SAG
SHEET: Q6-PP-004 AND 005	6036	6088	7NO 9 ALUMOWELD. WIR	0.0	2800 #	-20 BARE, UPLIFT WINTER AMB
	6036	6088	556.5 kcmil 18/1 Strands OSPREY ACSR	161.0	4100 #	212 DEG. F., MAX SAG
	6036A	6052	4 /O AWG 6/1 Strands PENGUIN ACSR	13.8	2500 #	212 DEG. F., MAX SAG
	6036A	6052	4 /O AWG 6/1 Strands PENGUIN ACSR	0.0	2700 #	212 DEG. F., MAX SAG

- GENERAL NOTES:
1. CONDUCTOR 1 - 556.5 kcmil 18/1 STRAND "OSPREY" ACSR.

2. SHIELD WIRE: 7 NO. 9 ALUMOWELD.

3. UNDER BUILD: PHASE - 336.4 kcmil 18/1 STRAND "MERLIN" ACSR.
NEUTRAL - 4/O AWG 6/1 STRANDS "PENGUIN" ACSR

4. MINIMUM GROUND CLEARANCE BASED ON NESC REQUIREMENTS PLUS 5 FT. BUFFER AS PER RPU STANDARDS.
TYPICAL GROUND CLEARANCE FOR 161KV CONDUCTOR IS 26.1 FT. BASED ON FINAL SAG @ 212 DEG F

5. CONDUCTOR SAG PLOTTED AT 212 DEG F. SHIELD WIRE PLOTTED AT -20 DEG F INITIAL

6. CONCRETE PIER FOUNDATIONS: SEE DWG. Q6-FND-001.

7. TRANSMISSION LINE DESIGNED FOR NESC HEAVY LOADING

8. COORDINATES ARE REFERENCED TO NAD83:2203 MINNESOTA SOUTH, US SURVEY FEET

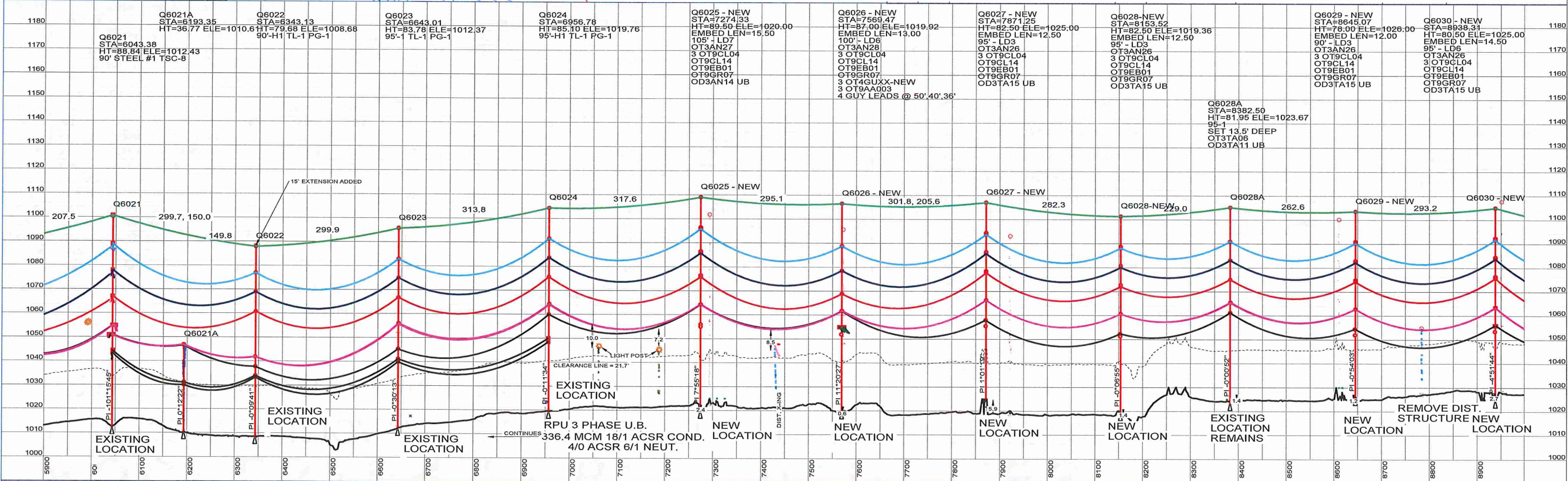
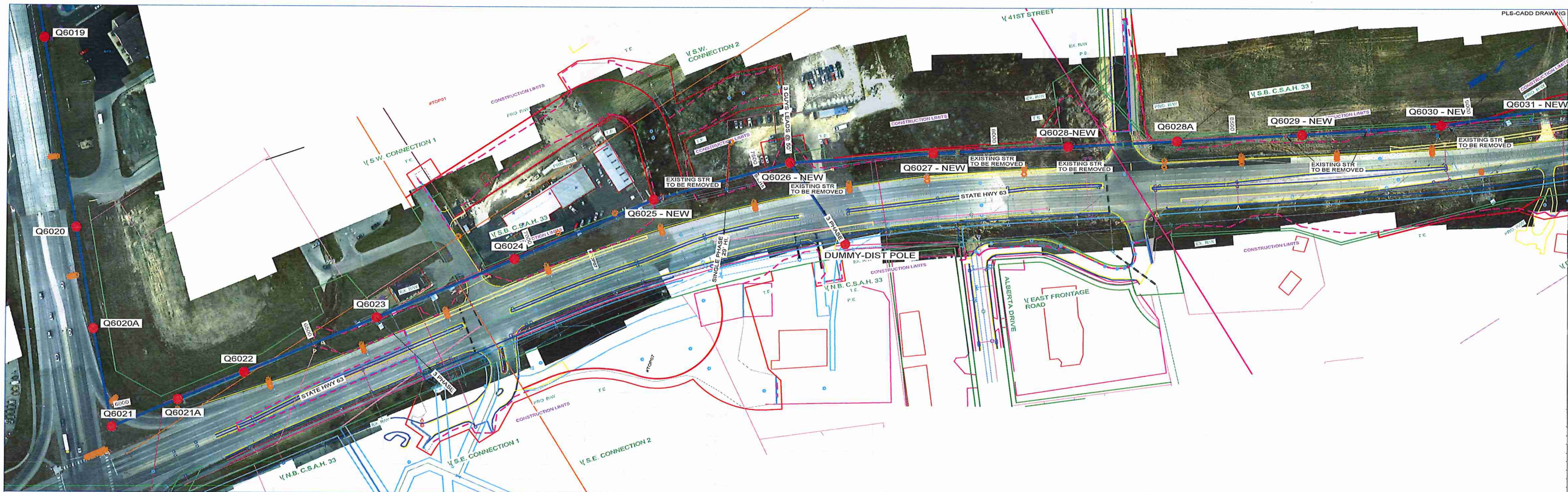
9. UNIT OF MEASURE FOR SPAN LENGTHS, DISTANCES, AND ELEVATIONS = FEET.

10. ALL DIRECT EMBEDDED POLES ARE TYPICALLY 10% + 3 FEET UNLESS OTHERWISE NOTED ON
PLAN AND PROFILE

11. GUY WIRES ARE 3/8" EHS 7 STRAND UNLESS NOTED

12. POLE: LIGHT DUTY STEEL EXCEPT FOR STR. Q6036.

PRELIMINARY
FOR REVIEW

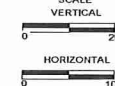
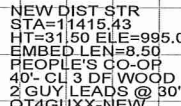


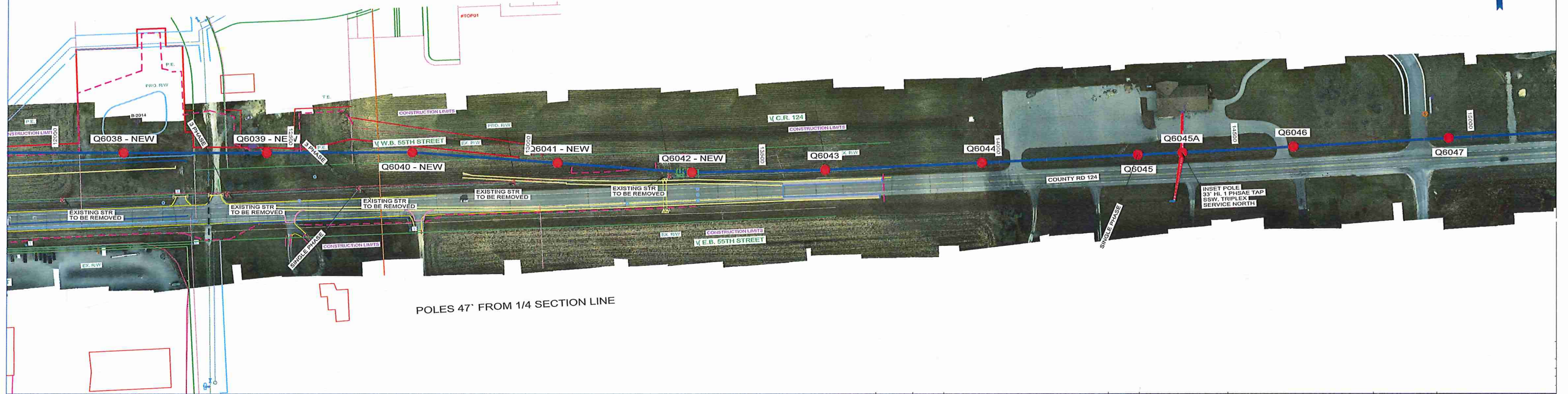
										<div>SCALE VERTICAL  0 20</div>		<div></div>	ZUMBRO RIVER - CHESTER PLAN AND PROFILE						
										<div>HORIZONTAL  0 100</div>			Q6 - 161 KV TRANSMISSION LINE						
1	1/20/2016	R15.00019	ZUMBRO RIVER - CHESTER 161KV TRANSMISSION LINE - ROAD EXTENSION MODIFICATIONS 6KV				DKF	ULTEIG					ROCHESTER PUBLIC UTILITIES	DRAWING #	Q6 - PP - 003				
REV	DATE	W.O. #	DESCRIPTION				DRAWN/CHKD	APP'D	CM/PL	REV	DATE	W.O. #	DESCRIPTION				DRAWN/CHKD	APP'D	CM/PL

SCALE
VERTICAL
0 20
HORIZONTAL
0 100

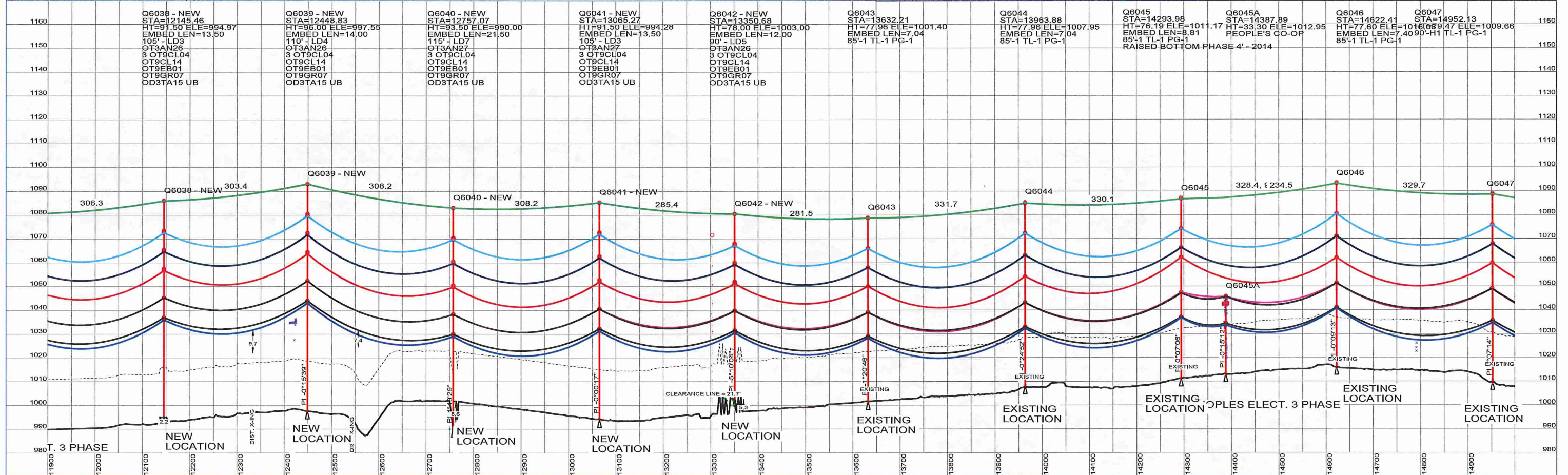
ROCHESTER PUBLIC UTILITIES

DRAWING #
Q6 - PP - 003





POLES 47' FROM 1/4 SECTION LINE

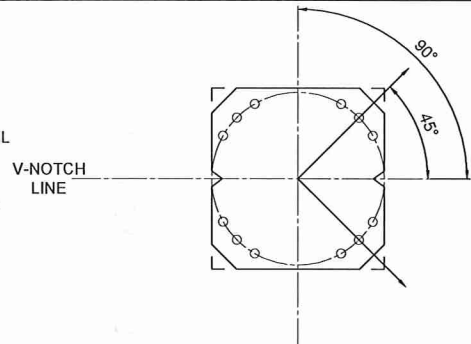
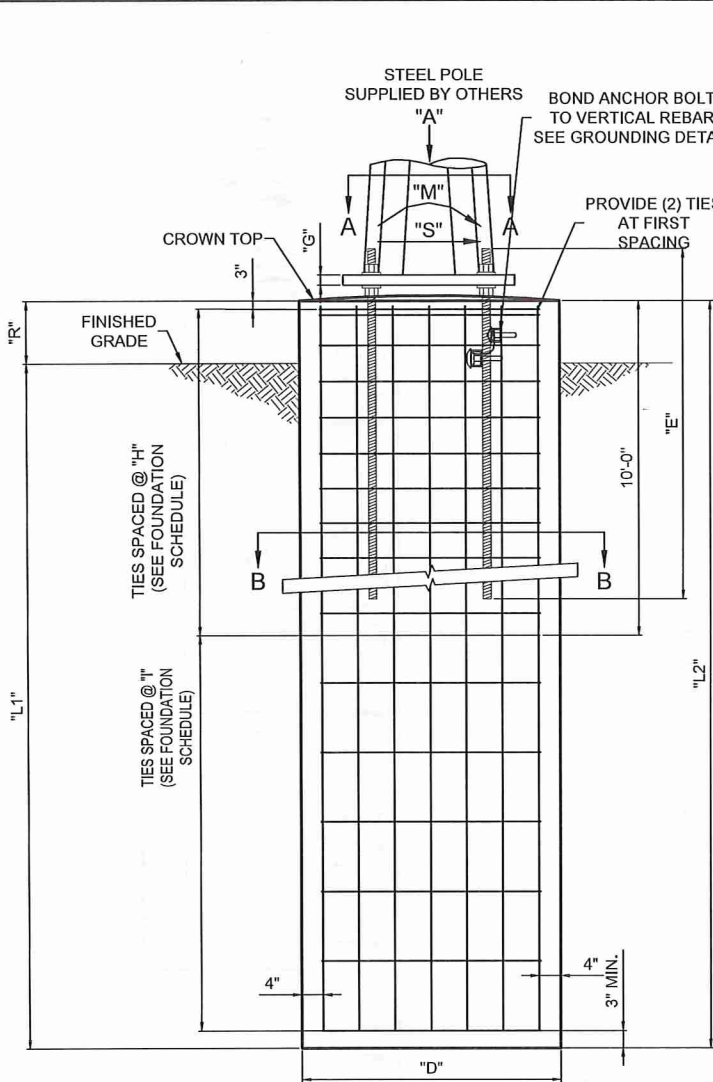


REV	DATE	W.O. #	DESCRIPTION	DRAWN/CHKD	APPD	CMPY	REV	DATE	W.O. #	DESCRIPTION	DRAWN/CHKD	APPD	CMPY
1	1/20/2016	R15.00019	ZUMBRO RIVER - CHESTER 161KV TRANSMISSION LINE - ROAD EXTENSION MODIFICATIONS (KV)	BKF	ULTEIG								

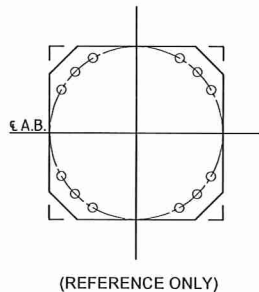
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ROCHESTER PUBLIC UTILITIES

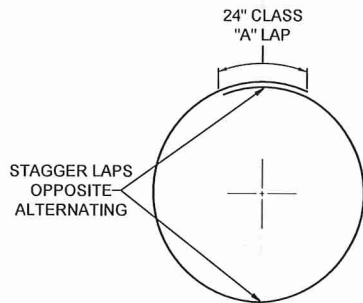
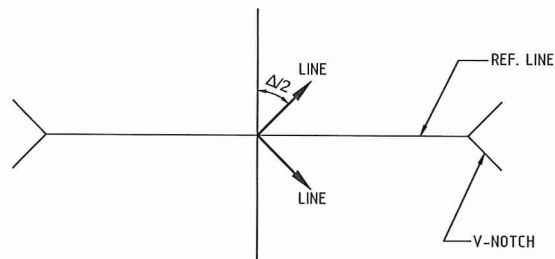
ZUMBRO RIVER - CHESTER
PLAN AND PROFILE
Q6 - 161 KV TRANSMISSION LINE
DRAWING # Q6 - PP - 005



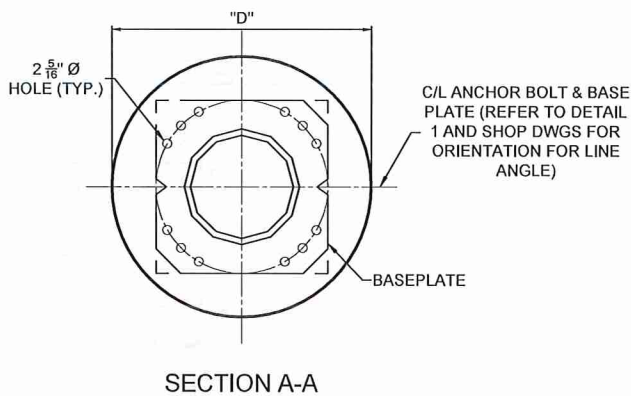
ALIGN NOTCHES IN TEMPLATE W/ LINE BISECTOR
ANCHOR BOLT TEMPLATE
"V" NOTCH AT BISECTOR



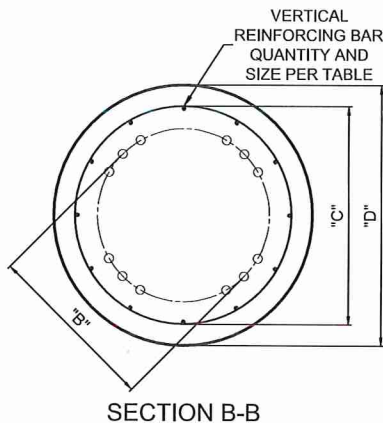
BASE PLATE - DETAIL 1



TIE DETAIL

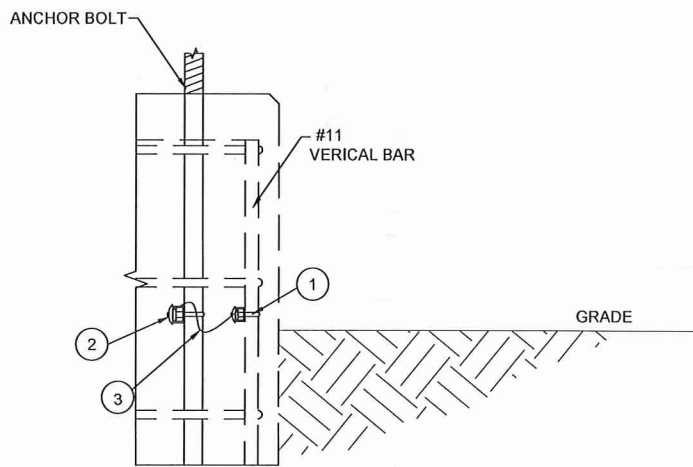


SECTION A-A



SECTION B-B

- NOTES:
1. REINFORCING STEEL: ASTM A-615 GRADE 60 UNLESS OTHERWISE INDICATED ON THE DRAWINGS. AVOID SPLICES ON VERTICAL REINFORCEMENT IF POSSIBLE. IF LAPPED SPLICES ARE DETERMINED TO BE REQUIRED, ALL LAPPED SPLICES SHALL BE 48 BAR DIAMETERS. ALL SPLICES SHALL BE A MINIMUM OF 1'-0".
 2. CONCRETE: 28 DAY COMPRESSIVE STRENGTH OF 4000 PSI, WITH 6% +/- 1.5% AIR ENTRAINMENT.
 3. ANCHOR BOLTS & BOLT CAGE TO BE PROVIDED BY STEEL POLE MANUFACTURER.
 4. SOIL SURROUNDING FOOTING SHALL BE COMPACTED TO 95% PROCTOR IF IT IS BACKFILL OR IF IT HAS BEEN DISTURBED DURING CONSTRUCTION ACTIVITIES.
 5. THE PIER DESIGN SHOWN ON THIS DRAWING IS BASED ON STRUCTURAL LOADING, BASEPLATE INFORMATION LISTED IN THE FOUNDATION SCHEDULE AND THE SOIL CONDITIONS IN THE CERTIFIED GEOTECHNICAL REPORT. THE ENGINEER SHALL BE NOTIFIED OF ANY DEVIATION FROM THIS INFORMATION AND MUST PROVIDE WRITTEN APPROVAL BEFORE ANY CONSTRUCTION MAY PROCEED.
 6. ELECTRICAL REQUIREMENTS HAVE NOT BEEN INCLUDED IN THIS DRAWING.
 7. THE ANCHOR BOLT CONFIGURATION ALONG THE BOLT CIRCLE MAY VARY FROM THE CONFIGURATION SHOWN IN THIS DRAWING.
 8. FOUNDATION DESIGNS ARE BASED ON NATIVE SOIL CONDITIONS. REFER TO CERTIFIED GEOTECHNICAL REPORT.
 9. SEE CONCRETE CAISSON FOUNDATIONS SPECIFICATION FOR ADDITIONAL REQUIREMENTS.



GROUNDING DETAIL

GROUNDING DETAILS				
ITEM NO.	VENDOR	CATALOG NO.	DESCRIPTION	UNIT
1	BURNDY	GAR1729	CLAMP, ROD TO CABLE, ROD RANGE 1.625" - 1.875", CABLE RANGE 0.3648" - 0.60"	EA
2	BURNDY	GAR1929	CLAMP, ROD TO CABLE, ROD RANGE 2.50" - 2.876", CABLE RANGE 0.3648" - 0.60"	EA
3	BURNDY	4/0 19 STRAND BARE	WIRE, BARE, COPPER, SOFT DRAWN, 4/0, 19 STRAND, 0.528" DIAM.	FT

PRELIMINARY
FOR REVIEW

FOUNDATION TABLE

Footings Number	Structure # / #Pole	Line Angle Δ (deg)	Pole Ht. (FT)	Axial at Base "A" (KIP)	Shear at Base "S" (KIP)	Moment at Base "M" (K-FT)	Length of Embed. "L1" (FT)	Total Pier Length "L2" (FT)	Reveal "R" (FT)	Pier Dia. "D" (FT)	Volume of Concrete +10% (CY)	Area of Steel (Sq. IN)	Number of Vertical Bars	Bar Size	Approx. Spacing (Degrees)	Approximate Weight of Reinforcing Steel (LBS)	Tie Dia. (Outside) "C" (IN)	AB Size, Type	Anchor Bolt Qty	Anchor Bolt Length "E" (IN)	Bolt Circle Dia. "B" (IN)	Base Plate Thickness "G" (IN)	# of Ties	Tie Bar Size	Tie Spacing 1 "H" (IN)	Tie Spacing 2 "I" (IN)
1	Q6036	99.0	85'	30.7	45.7	2932.0	23'	24'	1'	7'	37.6	53.0	34	#11	15°	4608	76"	2.25"Ø, A615 - Gr.75	12	102"	65"	2.16	29	#6	6"	18"

DRAWING REFERENCE:
PLAN AND PROFILE: Q6-PP
ANCHOR BOLT DETAILS: 33313 - SQ6036AA
SOIL BORINGS: 11 - 05381



Bismark - Denver - Detroit Lakes - Fargo - Minneapolis - Sioux Falls
4285 Lexington Ave, North
St. Paul, Minnesota 55126
Phone: 651.415.3900 Fax: 651.415.2001
Web: www.ulteig.com
Drawn By: HL
Checked By: KKV
Approved By: BKF

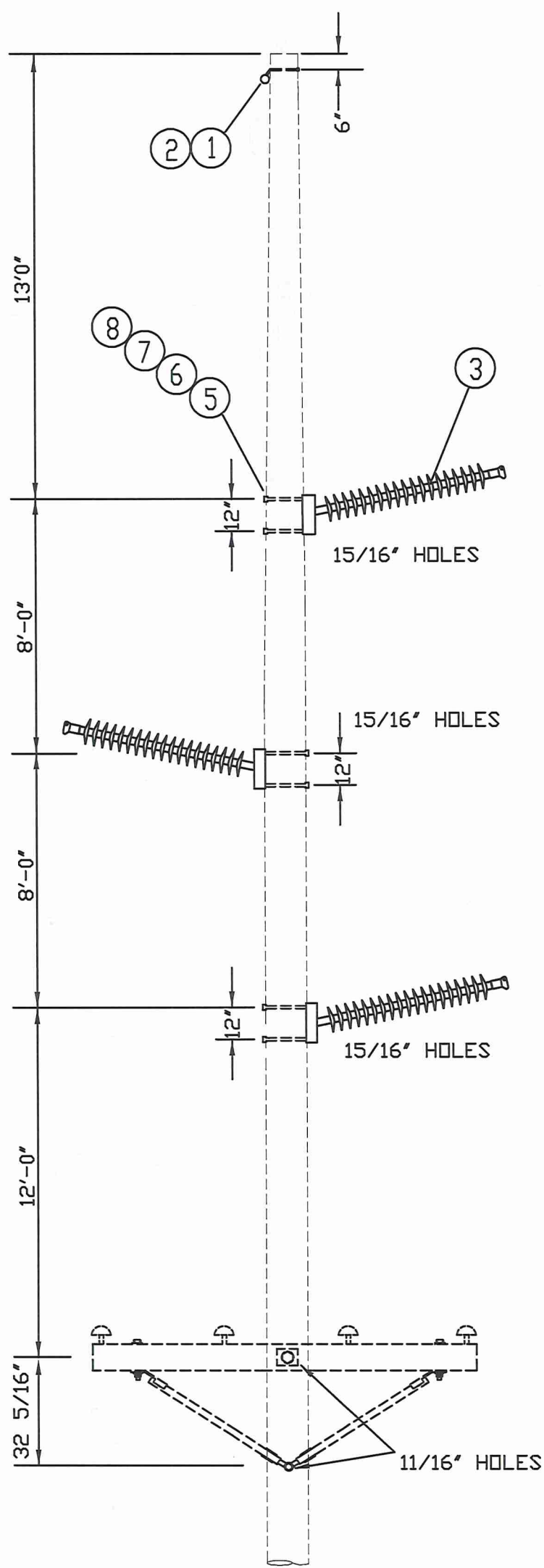
REV	REVISION	BY	DATE	APPROVED
0	ISSUE FOR REVIEW	KKV	01/20/16	BKF



TRANSMISSION			
SCALE AS SHOWN	DESIGNED BY KKV		
DATE 01/20/16	DRAWN BY HL		
JOB NO. UET 15.00019	CHECKED BY BKF		

LINE Q6 ZUMBRO RIVER - CHESTER T/LINE FOUNDATIONS DETAILS STR.# Q6036	DRAWING NO. Q6-FND-001	1 OF 1
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161kV



PHASE CONDUCTOR AGS SUSPENSION SUBASSEMBLIES

- 556.5 ACSR - □T9CL04
- 795 ACSR - □T9CL05
- 954 ACSR - □T9CL06

SHIELD WIRE SUSPENSION AGS/CLAMP SUBASSEMBLIES

- 3/8" EHS - □T9CL01
- 7-#9 ALUMAWELD □PGW - □T9CL14
- 0.435" - 0.461" □PGW - □T9CL18
- 0.491" - 0.511" - □PGW - □T9CL07

ROCHESTER PUBLIC UTILITIES					
DRAWN BY <u>CDR</u> APPROV. BY <u>MK</u> DATE <u>06-11-98</u>	161 KV SMALL ANGLE STR. HORIZONTAL POST STEEL POLE	NO	REVISION	BY	DRAWING NO. OT3AN26
		1	REV'D TITLE & ASSM. NOTES	NJS	



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the Relocation and Release of Easement Agreements with Olmsted County and authorize the Mayor and the City Clerk to execute the Agreements.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of November, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6425)

Meeting Date: 11/15/2016

SUBJECT: Water Utility - Cash Reserve Policy

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

The current financial liquidity policy for the Water Utility requires updating to conform to the utility basis cost of service study completed in 2015. The Electric Utility adopted a cash reserve policy that reflects the adoption of the utility basis in January, 2015. The attached redlined copy shows the differences between this policy and the proposed policy for the Water Utility along with a clean version. The proposed reserve funds are similar to the funds we have had in the past, however some of the calculations have changed. The most significant changes are in the Capital & Major Maintenance and Contingency Reserve. These funds will build over time to provide cash to replace assets in the future or to respond to an emergency. The Debt Service, Special Capital & Major Maintenance Reserve calculations are unchanged.

The Working Capital Reserve is currently set at 45 days of operating expenses excluding depreciation. This reserve provides cash to allow for short term interruptions and cash flow needs of the water utility.

The Contingency Reserve is changing from an estimate of one significant event to being a percentage based on the average age of our assets (Currently 67% - Net Book Value/Historical Investment in Assets) between 1% and 3% of the historical investment in assets. Under this method, our current rate would be 1% or \$1.332 million, versus our prior estimate of the cool wet summer being about \$360 thousand.

The Capital & Major Maintenance Reserve is the one that will change the most, due to a change to the utility method, which uses the average future assets purchases as the basis for the calculation. The calculation is 20% of the average of the next five years' capital improvement program, less any improvements funded through the issuance of bonds or already included in the Special Capital & Major Maintenance Reserve. Below is a comparison of the old policy to the proposed policy as of December 31, 2015:

	Current Policy	Proposed Policy
Debt Service (As of December 31, 2015)	-	-
Working Capital Reserve	\$ 1,292,000	\$ 868,000
Special Capital & Major Maintenance Reserve	-	-
Contingency Reserve	360,000	1,332,000
Capital & Major Maintenance Reserve	1,244,000	2,812,000
Total	<u>\$ 2,896,000</u>	<u>\$ 5,012,000</u>

FOR BOARD ACTION

Agenda Item # (ID # 6425)

Meeting Date: 11/15/2016

The minimum cash reserve may be met with any combination of unrestricted cash, cash equivalents or unused credit facility with a maturity of more than one year.

When our cash balances do not allow for full funding of all the reserves, there will be priority to funding the various reserves. This is sometimes referred to as a waterfall funding. The priority will be:

1. Debt Service Reserve
2. Working Capital Reserve
3. Special Capital & Major Maintenance Reserve
4. Contingency Reserve
5. Capital & Major Maintenance Reserve

The policy calls for action to occur to restore reserve levels to the minimum over the subsequent five years. The cost of service has the minimum reserves being built over the next five years, with the last reserve to be completely funded to the minimum being the Capital & Major Maintenance Reserve.

The reserves defined in the policy are Board Restricted reserves. Legally restricted reserves are above and beyond these reserves. Typically, legally restricted reserves are construction funds from bond sale and the debt service reserve accounts created under a bond covenants.

The proposed Water Utility cash reserve policy was presented to the Board at the October 25th, 2016 meeting, and has been incorporated into the 2017 proposed budget. Staff will be available to answer any questions.

UTILITY BOARD ACTION REQUESTED:

Staff requests Board approval of a resolution adopting the Water Utility Cash Reserve Policy.

ROCHESTER PUBLIC
UTILITIES BOARD POLICY
STATEMENT

POLICY SUBJECT: Water Utility Cash Reserve Policy

POLICY OBJECTIVE:

The Board recognizes the need to develop access to liquid reserves, using financial targets as a guide to determining future revenue requirements. Funding levels may vary as circumstances dictate.

POLICY STATEMENT:

The Board intends to establish the types and levels of reserves needed to cover various risks and needs. These reserves, and their levels, are intended as guides only, and are meant to apply under normal circumstances. However, the Board intends to work with the General Manager to take the necessary steps to attain the reserve levels established in this board policy. The required reserves may be met by any combination of unrestricted cash, cash equivalents or external borrowing with a maturity of 12 months or more.

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy will be established. Minimum cash reserves attempt to quantify the minimum amount of cash the utility should keep in reserve. Actual cash reserves may vary above the minimum and are dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example: the amount that the utility is required to expend to respond to an unanticipated catastrophic event may far exceed the amount set aside under the Contingency Reserve. Other Board designated funds in the remaining categories, unrestricted funds and short term financing would be options that may be used to address the expenditures related to an unanticipated catastrophe.

When establishing or adjusting minimum cash reserves for each of the reserve accounts identified in this policy, due consideration will be given generally to the following: operation and maintenance expense, rate base, capital improvements, and debt service. Additionally, for each reserve account component specific assumptions and factors will influence the amount of the reserve, as described in each category below:

1. Annual debt service – Debt service payments do not occur evenly throughout the year and often occur at periodic times, typically every six months. It is the policy of the board that the utility maintains adequate cash reserves to fund the next occurring debt service payment when the payment is due. To ensure that adequate reserve levels are maintained, each month 1/12th of the debt service payment will be moved from working capital to the debt service reserve.

2. Working Funds Reserve. Because there are timing differences between when expenses are incurred and revenues are received from customers, a minimum working funds reserve helps ensure that the utility will have adequate liquidity (or working funds) to pay expenses in a timely manner. The working funds reserve will at all times be maintained at a minimum level equal to 12.3% (approximately 45 days) of annual operating expenses (excluding depreciation).
3. Special Capital and Major Maintenance Reserve. The purpose of the special capital and major maintenance reserve is to defray all or a portion of a future capital and major maintenance project or external expenditure that is *not* externally financed. A separate sub reserve for each project will be established. Each reserve will be funded over the number of years, and up to a certain amount of the project's planned total expenditures, as determined by the Board and the General Manager for each project. These reserves will be set up and used only as needed.
4. Contingency Reserve. Catastrophic events such as ice storms, wind storms, floods, or tornadoes may occur that require a substantial financial outlay by the utility to replace damaged assets. The percentage used to calculate the minimum cash reserves is dependent on the age of the assets in service and the level of risk of a catastrophic type event. The age of the assets in service will be computed by dividing the Net Book Value by the cost of Capital Assets to arrive at the Percent of Assets Depreciated. The contingency reserve will have a minimum funding amount equal to the product obtained when the Reserve Percent (shown below) corresponding to the Percent of Assets Depreciated is multiplied by the cost of Capital Assets as recorded in the financial statements

Percent of Assets Depreciated	Reserve Percent
Greater than 55%	3.0%
45% to 55%	2.0%
Below 45%	1.0%

5. Capital and Major Maintenance Reserve. Because some capital improvements are funded through bond issuances and some are funded through cash reserves, the utility will maintain a capital and major maintenance project reserve to ensure timely replacement or construction of utility infrastructure. The capital and major maintenance reserve will include 4% of the cost of capital improvements anticipated during the following five years, less any improvements funded through the issuance of bonds, less any capital projects included in capital improvements specifically reserved in the Special Capital and Major Maintenance Reserve for the same period.

The General Manager will have the authority to move funds among all the reserves. When practical, the General Manager will consult with the Board before moving funds involving the *Contingency Reserve*. In that case he will report to the Board as soon as

practical when such transactions are authorized without first informing the Board.

Ordinarily, the order of replenishment among these reserves is as follows:

1. Debt Service Reserve
2. Working Funds Reserve
3. Special Capital and Major Maintenance Reserve
4. Contingency Reserve
5. Capital & Major Maintenance Reserve

Annually at budget time the General Manager will recommend funding levels for each reserve. If anything causes actual reserve amounts to fall below the minimum levels described in this policy, the Board shall take action to restore the cash reserves to the minimum levels over the subsequent five years or revise this policy to discontinue certain reserves or adjust the minimum levels of the existing reserves.

The reserve levels described in this policy are meant to be long-term average balances, and it is understood that achieving the recommended reserve level may not occur immediately, thus jeopardizing the overall financial wellbeing of the utility. There will be times when the reserve balances will fall below the established minimum levels. The General Manager will advise the Board on various matters related to the reserves, such as whether a current deviation from the established acceptable levels is expected to be short-term or whether any action needs to be taken.

EFFECTIVE DATE OF POLICY:

April 27, 1999

DATE OF LAST POLICY REVISION:

November 15, 2016

POLICY APPROVAL:

Board President

Date

ROCHESTER PUBLIC
UTILITIES BOARD POLICY
STATEMENT

POLICY SUBJECT: ~~Electric~~-Water Utility Cash Reserve Policy

POLICY OBJECTIVE:

The Board recognizes the need to develop access to liquid reserves, using financial targets as a guide to determining future revenue requirements. Funding levels may vary as circumstances dictate.

POLICY STATEMENT:

The Board intends to establish the types and levels of reserves needed to cover various risks and needs. These reserves, and their levels, are intended as guides only, and are meant to apply under normal circumstances. However, the Board intends to work with the General Manager to take the necessary steps to attain the reserve levels established in this board policy. The required reserves may be met by any combination of unrestricted cash, cash equivalents or external borrowing with a maturity of 12 months or more.-

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy will be established. Minimum cash reserves attempt to quantify the minimum amount of cash the utility should keep in reserve. Actual cash reserves may vary above the minimum and are dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example: the amount that the utility is required to expend to respond to an unanticipated catastrophic event may far exceed the amount set aside under the Contingency Reserve. Other Board designated funds in the remaining categories, unrestricted funds and short term financing would be options that may be used to address the expenditures related to an unanticipated catastrophe.

When establishing or adjusting minimum cash reserves for each of the reserve accounts identified in this policy, due consideration will be given generally to the following: operation and maintenance expense, rate base, capital improvements, and debt service. Additionally, for each reserve account component specific assumptions and factors will influence the amount of the reserve, as described in each category below:

1. Annual debt service – Debt service payments do not occur evenly throughout the year and often occur at periodic times, typically every six months. It is the policy of the board that the utility maintains adequate cash reserves to fund the next occurring debt service payment when the payment is due. To ensure that adequate reserve levels are maintained, each month 1/12th of the debt service payment will be moved from working capital to the debt service reserve.

- ~~2. Clean Air Rider Adjustment—Since the inception of the Clean Air Rider (“CAR”), the utility has collected a level CAR amount, even though the related debt service varied over time. This resulted in over collection at times. Nevertheless, the funds collected in excess of the debt service are restricted for future debt service payments, to be applied when the actual debt service payments will exceed the amounts collected through the rider. The amount of this reserve is calculated annually, based on actual collections and debt service.~~
- ~~32. Working Funds Reserve. Because there are timing differences between when expenses are incurred and revenues are received from customers, -a minimum working funds reserve helps ensure that the utility will have adequate liquidity (or working funds) to pay expenses in a timely manner. The working funds reserve will at all times be maintained at a minimum level equal to 12.3% (approximately 45 days) of annual operating expenses (excluding depreciation and power supply costs), plus 16% (approximately 60 days) of annual power supply costs.~~
- ~~43. Special Capital and Major Maintenance Reserve. The purpose of the special capital and major maintenance reserve is to defray all or a portion of a future capital and major maintenance project or external expenditure that is *not* externally financed. A separate sub reserve for each project will be established. Each reserve will be funded over the number of years, and up to a certain amount of the project's planned total expenditures, as determined by the Board and the General Manager for each project. These reserves will be set up and used only as needed.~~
- ~~54. Contingency Reserve. Catastrophic events such as ice storms, wind storms, floods, or tornadoes may occur that require a substantial financial outlay by the utility to replace damaged assets. The percentage used to calculate the minimum cash reserves is dependent on the age of the assets in service and the level of risk of a catastrophic type event. The age of the assets in service will be computed by dividing the Net Book Value by the cost of Capital Assets to arrive at the Percent of Assets Depreciated. The contingency reserve will have a minimum funding amount equal to the product obtained when the Reserve Percent (shown below) corresponding to the Percent of Assets Depreciated is multiplied by the cost of Capital Assets as recorded in the financial statements~~

Percent of Assets Depreciated	Reserve Percent
Greater than 55%	3.0%
45% to 55%	2.0%
Below 45%	1.0%

- ~~65. Capital and Major Maintenance Reserve. Because some capital improvements are funded through bond issuances and some are funded through cash reserves, the utility will maintain a capital and major maintenance project reserve to ensure timely replacement or construction of utility infrastructure. The capital and major maintenance reserve will include 4% of the cost of capital improvements anticipated during the following five years, less any improvements funded through~~

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the issuance of bonds, less any capital projects included in capital improvements specifically reserved in the Special Capital and Major Maintenance Reserve for the same period.

The General Manager will have the authority to move funds among all the reserves. When practical, the General Manager will consult with the Board before moving funds involving the *Contingency Reserve*. In that case he will report to the Board as soon as practical when such transactions are authorized without first informing the Board.

Ordinarily, the order of replenishment among these reserves is as follows:

1. Debt Service Reserve
- ~~2. Clean Air Rider Reserve~~
- ~~3. Working Funds Reserve~~
- ~~4. Special Capital and Major Maintenance Reserve~~
- ~~5. Contingency Reserve~~
- ~~6. Capital & Major Maintenance Reserve~~

Annually at budget time the General Manager will recommend funding levels for each reserve. If anything causes actual reserve amounts to fall below the minimum levels described in this policy, the Board shall take action to restore the cash reserves to the minimum levels over the subsequent five years or revise this policy to discontinue certain reserves or adjust the minimum levels of the existing reserves.

The reserve levels described in this policy are meant to be long-term average balances, and it is understood that achieving the recommended reserve level may not occur immediately, thus jeopardizing the overall financial wellbeing of the utility. There will be times when the reserve balances will fall below the established minimum levels. The General Manager will advise the Board on various matters related to the reserves, such as whether a current deviation from the established acceptable levels is expected to be short-term or whether any action needs to be taken.

EFFECTIVE DATE OF POLICY: April 27, 1999

DATE OF LAST POLICY REVISION: ~~January 27~~ November 15, 2015-2016

POLICY APPROVAL:

Board President

Date



RESOLUTION

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

Water Utility Cash Reserve Policy

effective November 15, 2016.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of November, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6424)

Meeting Date: 11/15/2016

SUBJECT: Electric Utility - Cash Reserve Policy

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

On January 27, 2015, the Board adopted a Cash Reserve Policy for the Electric Utility that incorporated the principal of the utility basis of rate setting. The primary impacts on the cash reserve policy of the utility basis rate setting are:

- The establishment of a contingency reserve level based on the average age of the depreciable assets
- The establishment of a Capital and Major Maintenance Reserve which sets aside funds for the replacement of existing assets that were not funded with debt

The current policy allows for both short and long term lines of credit to be used in the calculation of the minimum cash reserve available. It was brought to our attention by a credit rating agency that the best practice is for only long term credit facilities to be included in this calculation. Long term credit facilities have a maturity date of more than 12 months in the future.

The proposed change to the Electric Utility's Cash Reserve Policy is to only include unused long term credit facilities when calculating compliance with our cash reserve policy. As we have historically used short term credit facilities on a very limited basis, this change has no immediate impact on the Utility.

A redlined version showing the recommended change is attached.

UTILITY BOARD ACTION REQUESTED:

Staff requests Board approval of a resolution adopting the recommended change to the Electric Utility Cash Reserve Policy originally adopted on January 27, 2015.

ROCHESTER PUBLIC
UTILITIES BOARD POLICY
STATEMENT

POLICY SUBJECT: Electric Utility Cash Reserve Policy

POLICY OBJECTIVE:

The Board recognizes the need to develop access to liquid reserves, using financial targets as a guide to determining future revenue requirements. Funding levels may vary as circumstances dictate.

POLICY STATEMENT:

The Board intends to establish the types and levels of reserves needed to cover various risks and needs. These reserves, and their levels, are intended as guides only, and are meant to apply under normal circumstances. However, the Board intends to work with the General Manager to take the necessary steps to attain the reserve levels established in this board policy. The required reserves may be met by any combination of unrestricted cash, cash equivalents or external borrowing. Only Credit facilities with a maturity of more than 12 months will be included in the reserve calculation.

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy will be established. Minimum cash reserves attempt to quantify the minimum amount of cash the utility should keep in reserve. Actual cash reserves may vary above the minimum and are dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example: the amount that the utility is required to expend to respond to an unanticipated catastrophic event may far exceed the amount set aside under the Contingency Reserve. Other Board designated funds in the remaining categories, unrestricted funds and short term financing would be options that may be used to address the expenditures related to an unanticipated catastrophe.

When establishing or adjusting minimum cash reserves for each of the reserve accounts identified in this policy, due consideration will be given generally to the following: operation and maintenance expense, rate base, capital improvements, and debt service. Additionally, for each reserve account component specific assumptions and factors will influence the amount of the reserve, as described in each category below:

1. Annual debt service – Debt service payments do not occur evenly throughout the year and often occur at periodic times, typically every six months. It is the policy of the board that the utility maintains adequate cash reserves to fund the next occurring debt service payment when the payment is due. To ensure that adequate reserve levels are maintained, each month 1/12th of the debt service payment will be moved from working capital to the debt service reserve.

2. Clean Air Rider Adjustment –Since the inception of the Clean Air Rider (“CAR”) the utility has collected a level CAR amount, even though the related debt service varied over time. This resulted in over-collection at times. Nevertheless, the funds collected in excess of the debt service are restricted for future debt service payments, to be applied when the actual debt service payments will exceed the amounts collected through the rider. The amount of this reserve is calculated annually, based on actual collections and debt service.
3. Working Funds Reserve. Because there are timing differences between when expenses are incurred and revenues are received from customers, a minimum working funds reserve helps ensure that the utility will have adequate liquidity (or working funds) to pay expenses in a timely manner. The working funds reserve will at all times be maintained at a minimum level equal to 12.3% (approximately 45 days) of annual operating expenses (excluding depreciation and power supply costs), plus 16% (approximately 60 days) of annual power supply costs.
4. Special Capital and Major Maintenance Reserve. The purpose of the special capital and major maintenance reserve is to defray all or a portion of a future capital and major maintenance project or external expenditure that is *not* externally financed. A separate sub reserve for each project will be established. Each reserve will be funded over the number of years, and up to a certain amount of the project's planned total expenditures, as determined by the Board and the General Manager for each project. These reserves will be set up and used only as needed.
5. Contingency Reserve. Catastrophic events such as ice storms, wind storms, floods, or tornadoes may occur that require a substantial financial outlay by the utility to replace damaged assets. The percentage used to calculate the minimum cash reserves is dependent on the age of the assets in service and the level of risk of a catastrophic type event. The age of the assets in service will be computed by dividing the Net Book Value by the cost of Capital Assets to arrive at the Percent of Assets Depreciated. The contingency reserve will have a minimum funding amount equal to the product obtained when the Reserve Percent (shown below) corresponding to the Percent of Assets Depreciated is multiplied by the cost of Capital Assets as recorded in the financial statements

Percent of Assets Depreciated	Reserve Percent
Greater than 55%	3.0%
45% to 55%	2.0%
Below 45%	1.0%

6. Capital and Major Maintenance Reserve. Because some capital improvements are funded through bond issuances and some are funded through cash reserves, the utility will maintain a capital and major maintenance project reserve to ensure timely replacement or construction of utility infrastructure. The capital and major maintenance reserve will include 4% of the cost of capital improvements anticipated during the following five years, less any improvements funded through

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the issuance of bonds, less any capital projects included in capital improvements specifically reserved in the Special Capital and Major Maintenance Reserve for the same period.

The General Manager will have the authority to move funds among all the reserves. When practical, the General Manager will consult with the Board before moving funds involving the *Contingency Reserve*. In that case he will report to the Board as soon as practical when such transactions are authorized without first informing the Board.

Ordinarily, the order of replenishment among these reserves is as follows:

1. Debt Service Reserve
2. Clean Air Rider Reserve
3. Working Funds Reserve
4. Special Capital and Major Maintenance Reserve
5. Contingency Reserve
6. Capital & Major Maintenance Reserve

Annually at budget time the General Manager will recommend funding levels for each reserve. If anything causes actual reserve amounts to fall below the minimum levels described in this policy, the Board shall take action to restore the cash reserves to the minimum levels over the subsequent five years or revise this policy to discontinue certain reserves or adjust the minimum levels of the existing reserves.

The reserve levels described in this policy are meant to be long-term average balances, and it is understood that achieving the recommended reserve level may not occur immediately, thus jeopardizing the overall financial wellbeing of the utility. There will be times when the reserve balances will fall below the established minimum levels. The General Manager will advise the Board on various matters related to the reserves, such as whether a current deviation from the established acceptable levels is expected to be short-term or whether any action needs to be taken.

EFFECTIVE DATE OF POLICY: April 27, 1999

DATE OF LAST POLICY REVISION: ~~January 27, 2015~~

November 15, 2016

POLICY APPROVAL:

Board President

Date



RESOLUTION

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

Electric Utility Cash Reserve Policy

effective November 15, 2016.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of November, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6443)

Meeting Date: 11/15/2016

SUBJECT: Electric Utility Rate Adjustment

PREPARED BY: Peter Hogan

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 electric utility during 2014. On August 26, 2014 the Board approved a three year rate track which included an overall general rate increase for 2015 - 2017 of 3.5%, 1.7% and 1.7% respectively. During the October 20th, 2016 budget review by the Finance Committee, and the October 25, 2016 full Board review of the 2017 budget for the electric utility, management recommended that the Board approve a 3.7% overall general rate increase for 2017. The change from the original rate track is driven by the decision to start the Westside Energy Station project in 2016. Management recommended starting the Westside Energy Station in 2015 to save long term costs and reduce the utilities' risk exposure to the market for projected capacity short falls. This action was approved by the Board and City Council in 2015.

The Board gave its preliminary consensus for a rate increase of up to 3.7% for 2017 at the October 25, 2016 Board meeting. A notice of the proposed revenue adjustment was provided to the public via the newspaper of record on Thursday, October 27, 2016.

Management recommends that the Board approve and recommend to the City Council an increase in the electric retail revenue rates of 3.7% overall for 2017. This would increase the typical monthly residential bill by:

FOR BOARD ACTION

Agenda Item # (ID # 6443)

Meeting Date: 11/15/2016

Residential Average Monthly Usage	Change in Monthly Bill
300 kWh	\$2.23
600 kWh	\$3.10
900 kWh	\$3.96

UTILITY BOARD ACTION REQUESTED:

1. Approve and recommend to the City Council an overall 3.7% electric revenue increase for 2017 with changes to all customer classes effective on or about January 1, 2017
2. Approve a resolution for the following existing and modified rate schedules to be effective on or about January 1, 2017

Residential Service (RES)

Large General Service (LGS)

Residential Service-Dual Fuel (RES-DF)
(LIS)

Large Industrial Service

Residential-High Efficiency HVAC (RESELGEO)
(INTR)

Interruptible Service

General Service (GS)
(CSL)

City Street Lighting

General Service-High Efficiency (GS-HEF)

Traffic Signals (TS)

General Service Time-Of-Use (GS-TOU)

Highway Lighting (HL)

Medium General Service (MGS)

Security Lighting (SL)

Medium General Service-High Efficiency (MGS-HEF)
(CDS)

Civil Defense Sirens

Medium General Service Time-Of-Use (MGS-TOU)

Clean Air Rider (CAR)



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the following rate schedules and attached tariff effective on or about January 1, 2017.

Residential Service (RES)	Large General Service (LGS)
Residential Service-Dual Fuel (RES-DF)	Large Industrial Service (LIS)
Residential-High Efficiency HVAC (RESELGEO)	Interruptible Service (INTR)
General Service (GS)	City Street Lighting (CSL)
General Service-High Efficiency (GS-HEF)	Traffic Signals (TS)
General Service Time-Of-Use (GS-TOU)	Highway Lighting (HL)
Medium General Service (MGS)	Security Lighting (SL)
Medium General Service-High Efficiency (MGS-HEF)	Civil Defense Sirens (CDS)
Medium General Service Time-Of-Use (MGS-TOU)	Clean Air Rider (CAR)

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 3.7% electric revenue increase with changes to all customer classes and an annual update to the Clean Air Rider Rate effective on or about January 1, 2017.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of November 2016.

President

Secretary

CUSTOMER:	ROCH PUBLIC UTILI-TIES	PROOF TIME	10/26/2016 4:23:16 PM
REP ID:	RO043	FIRST RUN:	10/27/16



On October 25, 2016, the RPU Utility Board reviewed the proposed 2017 RPU budget. Included in the budget was a general electric increase up to 3.7%.

The board was asked to direct staff to give public notice of the proposed rates in the paper of record. The table below includes the actual increase by rate. The proposed rates will also be available on the RPU website (www.rpu.org) and by calling RPU customerservice(507.280.1500).

Public comment on the proposed rates will be taken at the November 15, 2016 RPU Board Meeting prior to the Board voting on the proposed budget and rate increase, if approved, recommending approval by the City Council on November 21 at 7 p.m.

Please contact Tony Benson at 507-280-1534 or email at tbenson@rpu.org.

Proposed 2017 Rate Schedule 3.7%

Proposed 2017 Rate Schedule 3.7%
Overall Rate Increase

		2016 Current Rates	2017 Proposed Rates
Residential Rate RES	Customer Charge	\$ 17.40	\$ 18.76
	Non Summer Energy (KWH)	\$ 0.09810	\$ 0.10064
	Summer Energy (KWH)	\$ 0.11740	\$ 0.12083
Residential Dual Fuel Rate RES-DF	Energy Charge (KWH)	\$ 0.06640	\$ 0.07240
Residential High Efficiency HVAC Rate RESELGEO	Customer Charge	\$ 17.40	\$ 18.76
	Non Summer Energy first 600 KWH	\$ 0.10530	\$ 0.11420
	Non Summer Energy over 600 KWH	\$ 0.07150	\$ 0.07892
	Summer Energy (KWH)	\$ 0.12510	\$ 0.13562
Small General Service Rate GS	Customer Charge	\$ 36.00	\$ 38.75
	Non Summer Energy (KWH)	\$ 0.09940	\$ 0.10299
	Summer Energy (KWH)	\$ 0.12000	\$ 0.12328
SGS - High Efficiency HVAC Rate GS-HEF	Customer Charge	\$ 36.00	\$ 38.75
	Non Summer Energy (KWH)	\$ 0.08600	\$ 0.09279
	Summer Energy (KWH)	\$ 0.12000	\$ 0.12328
SGS - Time-of-Use Rate GS-TOU	Customer Charge	\$ 36.00	\$ 38.75
	Non Summer On-peak Energy (KWH)	\$ 0.16967	\$ 0.17595
	Non Summer Off-peak Energy (KWH)	\$ 0.05614	\$ 0.05822
	Summer On-peak Energy (KWH)	\$ 0.21250	\$ 0.22036
	Summer Off-peak Energy (KWH)	\$ 0.05970	\$ 0.06190
Medium General Service Rate MGS	Non Summer Demand (KW)	\$ 15.52	\$ 15.83
	Summer Demand (KW)	\$ 19.67	\$ 20.06
	Non Summer Energy (KWH)	\$ 0.05840	\$ 0.06098
	Summer Energy (KWH)	\$ 0.05840	\$ 0.06098
	Transformer Ownership Credit (KW)	\$ 0.30	\$ 0.35
MGS - High Efficiency HVAC Rate MGS-HEF	Non Summer Demand (KW)	\$ 13.20	\$ 13.61
	Summer Demand (KW)	\$ 20.00	\$ 20.64
	Non Summer Energy (KWH)	\$ 0.04780	\$ 0.05098
	Summer Energy (KWH)	\$ 0.05680	\$ 0.06006
	Transformer Ownership Credit (KW)	\$ 0.30	\$ 0.35
MGS - Time-of-Use Rate MGS-TOU	Non Summer Demand On Peak (KW)	\$ 15.52	\$ 15.83
	Non Summer Demand Off Peak (KW)	\$ 1.896	\$ 1.933
	Non Summer Energy (KWH)	\$ 0.05840	\$ 0.06098
	Summer Demand On-peak (KW)	\$ 19.67	\$ 20.06
	Summer Demand Off-peak (KW)	\$ 1.896	\$ 1.933
	Summer Energy (KWH)	\$ 0.05840	\$ 0.06098
Large General Service Rate LGS	Transformer Ownership Credit (KW)	\$ 0.30	\$ 0.35
	Demand (KW)	\$ 17.75	\$ 18.10
	Energy (KWH)	\$ 0.05810	\$ 0.06057
Large Industrial Service Rate LIS	Transformer Ownership Credit (KW)	\$ 0.30	\$ 0.35
	Demand (KW)	\$ 18.50	\$ 18.86
	Energy (KWH)	\$ 0.05340	\$ 0.05618
Interruptible Service Rate INTR	Demand MGS (KW)	\$ 8.41	\$ 8.95
	Demand LGS (KW)	\$ 9.13	\$ 9.74
	Demand LIS (KW)	\$ 9.45	\$ 10.08
	Transformer Ownership Credit (KW)	\$ 0.30	\$ 0.35
Civil Defense Sirens CDS	Fixed	\$ 15.59	\$ 16.29
City Street Lighting CSL	Mercury Vapor (KWH)	\$ 0.20993	\$ 0.21620
	Metal Halide (KWH)	\$ 0.21832	\$ 0.22929
	LED (KWH)	\$ 0.30611	\$ 0.37143
	High Pressure Sodium (KWH)	\$ 0.20993	\$ 0.21620
Security Lighting SL Mercury Vapor Lights (Closed) 175 Watt Mercury 250 Watt Mercury Vapor 400 Watt Mercury Vapor	Fixed	\$ 10.30	\$ 10.71
	Fixed	\$ 12.70	\$ 13.10
	Fixed	\$ 17.50	\$ 18.61
High Pressure Sodium Vapor Lights (Closed) 70 Watt 100 Watt 150 Watt (Roadway) 250 Watt 400 Watt	Fixed	\$ 9.09	\$ 9.33
	Fixed	\$ 10.82	\$ 11.11
	Fixed	\$ 12.05	\$ 12.49
	Fixed	\$ 15.19	\$ 15.55
	Fixed	\$ 19.80	\$ 20.39
Light Emitting Diode (LED) Lights LED Area Light LED Roadway Light	Fixed	\$ 10.82	\$ 11.11
	Fixed	\$ 15.19	\$ 15.55
Traffic Signals TS	Fixed	\$ 30.33	\$ 32.07
	Energy (KWH)	\$ 0.09970	\$ 0.10543
Clean Air Rider CAR	Energy(KWH)	\$ 0.00182	\$ 0.00171



2017 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.

RATE:	<u>2017</u>
Customer Charge:	\$18.76
Non Summer Energy/kWh:	10.064¢
Summer Energy/ kWh :	12.083¢

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>2017</u>
MINIMUM BILL per month:	\$18.76

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.

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

**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>2017</u>
Energy Charge/kWh:	7.240¢

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.

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

**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.

*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.

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:

Customer Charge

2017
\$18.76

Energy Charge

Winter first 600kwh	11.420¢
Winter over 600kwh	7.892¢
Summer kwh	13.562¢

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:

MINIMUM BILL per month:

2017
\$18.76

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.

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 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.

RATE:

2017

Customer Charge:

\$38.75

Energy Charge:

Non-Summer Kwh

10.299¢

Summer Kwh

12.328¢

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).

2017

MINIMUM BILL per month:

\$38.75

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.

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

**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.
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 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.

**ROCHESTER PUBLIC UTILITIES
(RPU)**

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

GENERAL SERVICE - HIGH EFFICIENCY HVAC (Cont.)

RATE:

	<u>2017</u>
Customer Charge:	\$38.75

Energy Charge:	
Non Summer / kwh	9.279¢
Summer / kwh	12.328¢

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>2017</u>
MINIMUM BILL per month:	\$38.75

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.

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

**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>2017</u>
Customer Charge:	\$38.75
Energy Charge:	
Non-Summer Energy	
On-peak Energy / Kwh:	17.595¢
Off-peak Energy /Kwh	5.822¢
Summer Energy:	
On-peak Energy / Kwh:	22.036¢
Off-peak Energy /Kwh:	6.190¢

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.
7. Energy furnished under this rate shall not be resold.

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

**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.

RATE:	<u>2017</u>
Demand Charge:	
Non-Summer /KW	\$15.83
Summer /KW	\$20.06
Energy Charge:	
Non-Summer Kwh	6.098¢
Summer Kwh	6.098¢

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.

2017

Credit per KW

\$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:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 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.
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.

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.)

RATE:	<u>2017</u>
Demand Charge per KW:	
Non-Summer	\$13.61
Summer	\$20.64
Energy Charge per Kwh:	
Non-Summer	5.098¢
Summer	6.006¢

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>2017</u>
Credit per KW	\$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:
Effective Date:

November 15, 2016
January 1, 2017

**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.

2017

Non-Summer

On-peak Demand / KW:	\$15.83
Off-peak Demand/ KW:	\$1.933
Energy Charge / Kwh:	6.098¢

Summer

On-peak Demand / KW:	\$20.06
Off-peak Demand / KW:	\$1.933
Energy Charge / Kwh:	6.098¢

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).

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

**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>2017</u>
Credit per KW	\$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.

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

**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>2017</u>
Demand Charge / KW:	\$18.10
Energy Charge / KW :	6.057¢

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>2017</u>
Credit per KW	\$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:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

**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>2017</u>
Demand Charge / KW:	\$18.86
Energy Charge / KW :	5.618¢

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.

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

**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>2017</u>
MGS	\$8.95
LGS	\$9.74
LIS	\$10.08

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>2017</u>
Credit per KW	\$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.

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

**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, 2014
January 1, 2015

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

**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:

Central Air Conditioner (# of units)	Electric Water Heater (# of units)	Monthly Credit	# Months Applied
Any number	0	\$ 3.00 each	5 (May-Sept)
0	1	\$ 3.00	12
0	2	\$ 5.00	12
1	1	\$ 5.00	12
2	1	\$ 7.00	12
1	2	\$ 8.50	12
2	2	\$10.00	12
3	1	\$9.00	12

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:

April 30, 2002
May 7, 2002

**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>2017</u>
Mercury Vapor (all Sizes)	21.620¢
Metal Halide (All Sizes)	22.929¢
LED (All Sizes)	37.143¢
High Pressure Sodium (All Sizes)	21.620¢

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:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

**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:

2017

Fixed Charge: \$32.07

Energy Charge / Kwh: 10.543¢

MINIMUM BILL:

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

2017

\$32.07

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:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 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:

Mercury Vapor Lights (Closed)

Monthly Charge

<u>Size</u>	<u>2017</u>
175 Watt Mercury Vapor	\$10.71
250 Watt Mercury Vapor	\$13.10
400 Watt Mercury Vapor	\$18.61

High Pressure Sodium Vapor Lights (Closed)

<u>Size</u>	<u>2017</u>
70 Watt	\$ 9.33
100 Watt	\$11.11
150 Watt (Roadway)	\$12.49
250 Watt	\$15.55
400 Watt	\$20.39

Light Emitting Diode (LED) Lights

<u>Size</u>	<u>2017</u>
LED Area Light	11.11
LED Roadway Light	15.55

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.

Approved by Rochester Public Utility Board:
Effective Date:

November 15, 2016
January 1, 2017

**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>2017</u>
Per Siren per month	\$16.29

MINIMUM BILL:

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

	<u>2017</u>
Minimum Bill	\$16.29

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 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:
Effective Date:

November 15, 2016
January 1, 2017

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

**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 2017 is \$0.00171/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:
Effective Date:

November 15, 2016
January 1, 2017

**ROCHESTER PUBLIC UTILITIES
(RPU)**
**RATE SCHEDULE WTR-C
SHEET 1 OF 1**
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>2016</u>	<u>2017</u>	<u>2018</u>
	5/8"	\$ 6.26	\$ 6.84	\$ 7.50
	3/4"	\$ 8.89	\$ 9.72	\$ 10.66
	1"	\$ 14.29	\$ 15.62	\$ 17.14
	1-1/2"	\$ 27.58	\$ 30.14	\$ 33.07
	2"	\$ 43.54	\$ 47.59	\$ 52.21
	3"	\$ 81.00	\$ 88.53	\$ 97.13
	4"	\$ 134.39	\$ 146.88	\$ 161.15
	6"	\$ 267.86	\$ 292.76	\$ 321.20
	8"	\$ 479.03	\$ 523.56	\$ 574.42

<u>Commodity Charge Rate/CCF:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential 0 - 7 CCF	75.5¢	78.5¢	81.3¢
7.01 - 12 CCF	82.7¢	85.7¢	88.5¢
12.01 and over CCF	94.7¢	97.7¢	100.5¢
Commercial:	75.5¢	78.5¢	81.3¢
Industrial:	75.5¢	78.5¢	81.3¢
Interdepartmental:	75.5¢	78.5¢	81.3¢
Irrigation Meter (All Classes):	94.7¢	97.7¢	100.5¢

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.
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.

Approved by Rochester Public Utility Board:
Effective Date:

November 10, 2015
January 1, 2016

Attachment: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric 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>2016</u>	<u>2017</u>	<u>2018</u>
Residential	\$.90	\$.90	\$.90
Commercial/Industrial	\$3.50	\$3.70	\$3.70

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:
Effective Date:

November 10, 2015
January 1, 2016

**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: 2017 Rates 01-01-2017 (6428 : Resolution: 2017 Electric Utility Rate Adjustment)

FOR BOARD ACTION

Agenda Item # (ID # 6421)

Meeting Date: 11/15/2016

SUBJECT: Approval of the 2017 Electric Utility Budget

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

The preliminary 2017 electric utility budget was reviewed with the finance and audit committee on October 20th, 2016, and with the full Board on October 25th, 2016. The budget as presented reflects a reduction of approximately \$3.4 million in operating and capital expenses from staff's original submissions in order to meet the 2014 cost of service study recommendations and originally approved rate track for 2017. Due to the management's recommendation and the Board and City Council's approval to start the Westside Energy Station project sooner than anticipated in the 2014 study, management is proposing a 3.7% rate increase as part of the 2017 budget to cover additional debt service.

The significant drivers for the 2017 budget are:

- Proposed electric rate increases for 2017 @ 3.7%
- Our SMMPA wholesale cost for 2017 will increase by 2%
- Continuation of prudent investments into our system to improve reliability, service, safety, sustainability and to serve new growth
- Investment in the West Side Energy Station with a commercial production date of 2018
- Investments in IT system and distribution systems
- \$103.4M new debt for the completion of CAPX 2020 project, funding of the West Side Energy Station, Service Center and Hydro facility expansions
- Continued funding for our energy conservation programs
- Movement towards the financial targets set based on the adoption of the utility method of rate setting:
 - 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 2017: \$13,880,000; Budget \$11,184,000
 - o Debt Service Coverage Ratio, excluding payment in lieu of taxes (PILOT), of 3.0 times or greater

FOR BOARD ACTION

Agenda Item # (ID # 6421)

Meeting Date: 11/15/2016

-
- o Minimum cash reserves goal for 2017: \$51,466,000; Budget \$39,688,000.

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 2017 RPU electric utility operating and capital budget.

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
RECOMMENDED
Management Reporting P&L - Rate Scenario #3**

	Historical Data		2016 F2					
	2014	2015		2017	2018	2019	2020	2021
in 000's								
RPU Rate Increase	3.0%	3.5%	1.7%	3.7%	3.5%	1.5%	1.5%	0.0%
Revenue								
Retail Electric	\$130,448	\$133,560	\$143,278	\$151,254	\$160,424	\$166,225	\$170,964	\$172,878
Wholesale Electric	\$2,848	\$2,579	\$1,805	\$603	\$1,622	\$2,107	\$2,149	\$2,181
Wholesale Steam	\$6,744	\$5,412	\$4,316	\$4,246	\$3,799	\$4,456	\$4,565	\$4,675
Transmission	\$134	\$1,387	\$4,891	\$4,739	\$5,000	\$5,000	\$5,000	\$5,000
Other Services & Fees	\$2,787	\$2,917	\$3,075	\$3,205	\$3,300	\$3,339	\$3,377	\$3,415
Total Revenue	\$142,961	\$145,856	\$157,365	\$164,046	\$174,144	\$181,128	\$186,055	\$188,149
Cost of Revenue								
Power Supply	\$87,392	\$86,639	\$94,063	\$96,957	\$98,257	\$99,034	\$99,966	\$101,328
Generation Fuel	\$4,828	\$3,871	\$3,302	\$2,522	\$3,343	\$3,741	\$3,816	\$3,892
Total Cost of Revenue	\$92,221	\$90,510	\$97,364	\$99,479	\$101,599	\$102,775	\$103,781	\$105,219
Gross Margin								
Retail Electric	\$43,056	\$46,921	\$49,215	\$54,297	\$62,167	\$67,191	\$70,999	\$71,551
Wholesale	\$4,763	\$4,120	\$2,820	\$2,326	\$2,078	\$2,823	\$2,898	\$2,964
Transmission	\$134	\$1,387	\$4,891	\$4,739	\$5,000	\$5,000	\$5,000	\$5,000
Other Services & Fees	\$2,787	\$2,917	\$3,075	\$3,205	\$3,300	\$3,339	\$3,377	\$3,415
TOTAL GROSS MARGIN	\$50,741	\$55,346	\$60,000	\$64,567	\$72,545	\$78,353	\$82,273	\$82,929
Controllable Costs								
Salaries & Benefits	\$18,384	\$18,819	\$19,049	\$21,276	\$22,834	\$24,127	\$25,321	\$26,675
Other Operating Expenses	\$9,702	\$8,408	\$8,995	\$9,539	\$9,603	\$9,891	\$9,946	\$10,251
Major Maintenance	\$1,961	\$3,890	\$2,523	\$3,647	\$3,388	\$2,306	\$2,426	\$2,415
Non-Bonded Capital Projects	\$7,437	\$5,908	\$16,966	\$11,258	\$15,759	\$14,359	\$11,131	\$13,355
TOTAL CONTROLLABLE COSTS	\$37,485	\$37,026	\$47,533	\$45,721	\$51,584	\$50,683	\$48,823	\$52,696
Depreciation & Amortization	\$10,446	\$10,589	\$9,894	\$9,963	\$10,928	\$11,838	\$11,942	\$12,114
Less Non Bonded Projects (capitalized)	(\$7,437)	(\$5,908)	(\$16,966)	(\$11,258)	(\$15,759)	(\$14,359)	(\$11,131)	(\$13,355)
Less Total Internal Costs (capitalized)	(\$3,125)	(\$3,439)	(\$4,159)	(\$4,651)	(\$4,285)	(\$4,708)	(\$4,187)	(\$3,839)
Interutility Allocation	(\$1,257)	(\$1,211)	(\$1,276)	(\$1,389)	(\$1,417)	(\$1,445)	(\$1,474)	(\$1,503)
Total Operating Expenses	\$36,111	\$37,058	\$35,026	\$38,386	\$41,051	\$42,009	\$43,973	\$46,112
Net Operating Income (Loss)	\$14,630	\$18,288	\$24,974	\$26,181	\$31,494	\$36,344	\$38,300	\$36,817
Financing & Other Non-Operating Items:								
Bond & Interest Related Expenses	(\$3,502)	(\$3,495)	(\$3,507)	(\$6,818)	(\$6,376)	(\$8,336)	(\$8,118)	(\$7,880)
Interest Income	\$369	\$240	\$204	\$213	\$154	\$189	\$185	\$197
Misc Non-Operating Income (Expense)	(\$242)	(\$610)	(\$78)	(\$107)	(\$109)	(\$111)	(\$113)	(\$116)
Total Financing & Non-Operating Items	(\$3,375)	(\$3,865)	(\$3,381)	(\$6,712)	(\$6,331)	(\$8,258)	(\$8,047)	(\$7,799)
Income Before Transfers or Capital Contributions	\$11,255	\$14,423	\$21,593	\$19,469	\$25,163	\$28,086	\$30,253	\$29,019
Transfers (In Lieu of Taxes)	(\$8,264)	(\$8,384)	(\$8,527)	(\$8,667)	(\$9,137)	(\$9,365)	(\$9,603)	(\$9,659)
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenues	\$0	\$0	\$3,879	\$381	\$222	\$222	\$228	\$205
Special Items	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0	(\$0)
NET INCOME	\$2,992	\$6,040	\$16,945	\$11,184	\$16,248	\$18,943	\$20,878	\$19,565
TARGET NET INCOME	\$ 13,880	\$ 15,720	\$ 16,400	\$ 13,880	\$ 15,720	\$ 16,400	\$ 17,030	\$ 17,090
Excess (Deficit) from Target	\$ (2,696)	\$ 528	\$ 2,543	\$ (2,696)	\$ 528	\$ 2,543	\$ 3,848	\$ 2,475
1/01 Cash Balance	\$ 38,644	\$ 41,698	\$ 39,710	\$ 39,688	\$ 40,798	\$ 45,701	\$ 55,357	\$ 61,531
Change in Net Assets	6,040	16,945	11,184	16,248	18,943	20,878	19,565	
Depreciation & Amortization	10,589	9,894	9,963	10,928	11,838	11,942	12,114	
Capital Additions/Service Territory Comp	(21,264)	(44,152)	(69,281)	(41,322)	(29,867)	(25,704)	(17,195)	
Bond Principal Payments	(3,765)	(3,895)	(4,201)	(6,460)	(7,136)	(7,442)	(7,759)	
Bond Proceeds	-	13,100	129,300	-	23,000	-	-	
Net Change in Other Assets/Liabilities	11,454	6,120	(76,987)	21,717	(11,875)	9,982	(552)	
Net Changes in Cash	3,054	(1,988)	(23)	1,111	4,903	9,656	6,174	
12/31 Cash Balance	\$ 41,698	\$ 39,710	\$ 39,688	\$ 40,798	\$ 45,701	\$ 55,357	\$ 61,531	
Reserve Target	\$ 34,441	\$ 49,545	\$ 51,466	\$ 48,187	\$ 48,834	\$ 49,577	\$ 50,440	
Excess (Deficit) from Target	\$ 7,257	\$ (9,835)	\$ (11,778)	\$ (7,389)	\$ (3,133)	\$ 5,780	\$ 11,091	
Cash Balance as % of Reserve Target		80.1%	77.1%	84.7%	93.6%	111.7%	122.0%	
Debt Service Coverage Ratio			2.8	2.9	3.0	3.1	3.0	

Attachment: Electric Utility Proforma (6421 : Approval of the 2017 Electric Utility Budget)



RESOLUTION

BE IT 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

2017 electric utility capital and operating budgets.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of November, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6423)

Meeting Date: 11/15/2016

SUBJECT: Approval of the 2017 Water Utility Budget

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

The preliminary budget for the water utility was presented to the finance and audit committee on October 20th, 2016, and to the full Board on October 25th, 2016, and incorporates a 6% rate increase which was approved in 2015 as part of a three year rate track. The rate track approved in 2015 includes a 6% rate increase for each year 2016, 2017 and 2018, based on the cost of service study conducted in 2015.

The significant drivers for the 2017 Water Utility budget are:

- Adoption of the utility method of rate setting
 - o Sustainability: Based on cost of service and alignment of variable and fixed costs with corresponding variable and fixed revenues
 - o Establishing targeted change in net assets to fund operations and future capital replacements - \$3,248,000. Current Budget \$ 619,000
 - o Establishing targeted minimum cash reserves. Per proposed policy \$5,429,000. Current Budget \$4,792,000
- Addition of one FTE. Overall 3.3% salary expense change
- Increase in water main replacements in conjunction with street reconstructions
- Water tower painting and cleaning

The budget supports the need for continued investment in infrastructure, 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 2017 RPU Water Utility operating and capital budget.

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

	Historical Data							
	2014	2015	2016 F2	2017	2018	2019	2020	2021
in 000's								
RPU Rate Increase	1.5%	3.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Revenue								
Retail Water	\$7,503	\$7,788	\$8,399	\$8,919	\$9,452	\$10,015	\$10,615	\$11,335
Other Services & Fees	\$784	\$873	\$922	\$927	\$944	\$960	\$977	\$994
Total Revenue	\$8,287	\$8,661	\$9,320	\$9,846	\$10,396	\$10,975	\$11,592	\$12,330
Cost of Revenue								
Water Supply	\$1,813	\$1,830	\$1,934	\$1,789	\$1,819	\$1,839	\$1,845	\$1,850
Total Cost of Revenue	\$1,813	\$1,830	\$1,934	\$1,789	\$1,819	\$1,839	\$1,845	\$1,850
Gross Margin								
Retail Water	\$5,690	\$5,958	\$6,465	\$7,131	\$7,633	\$8,176	\$8,769	\$9,485
Other Services & Fees	\$784	\$873	\$922	\$927	\$944	\$960	\$977	\$994
TOTAL GROSS MARGIN	\$6,474	\$6,831	\$7,387	\$8,058	\$8,577	\$9,137	\$9,746	\$10,480
Controllable Costs								
Salaries & Benefits	\$2,207	\$2,194	\$2,218	\$2,602	\$2,831	\$2,945	\$3,020	\$3,119
Other Operating Expenses	\$1,033	\$900	\$1,085	\$1,156	\$1,253	\$1,142	\$1,172	\$1,170
Major Maintenance	\$417	\$375	\$234	\$735	\$457	\$440	\$597	\$489
Non-Bonded Capital Projects	\$2,438	\$2,676	\$2,470	\$2,267	\$2,628	\$3,091	\$3,606	\$3,008
TOTAL CONTROLLABLE COSTS	\$6,095	\$6,145	\$6,007	\$6,760	\$7,169	\$7,618	\$8,395	\$7,786
Depreciation & Amortization	\$2,325	\$2,417	\$2,579	\$2,633	\$2,646	\$2,677	\$2,700	\$2,729
Less Non Bonded Projects (capitalized)	(\$2,438)	(\$2,676)	(\$2,470)	(\$2,267)	(\$2,628)	(\$3,091)	(\$3,606)	(\$3,008)
Less Total Internal Costs (capitalized)	(\$342)	(\$399)	(\$309)	(\$334)	(\$388)	(\$417)	(\$382)	(\$345)
Interutility Allocation	\$1,257	\$1,211	\$1,276	\$1,389	\$1,417	\$1,445	\$1,474	\$1,503
Total Operating Expenses	\$6,897	\$6,697	\$7,083	\$8,181	\$8,217	\$8,233	\$8,582	\$8,665
Net Operating Income (Loss)	(\$424)	\$134	\$304	(\$123)	\$360	\$904	\$1,165	\$1,815
Financing & Other Non-Operating Items:								
Bond & Interest Related Expenses	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0
Interest Income	\$63	\$53	\$57	\$13	\$11	\$11	\$10	\$10
Misc Non-Operating Income (Expense)	(\$62)	(\$67)	\$0	\$0	\$0	\$0	\$0	\$0
Total Financing & Non-Operating Items	\$0	(\$13)	\$57	\$13	\$11	\$11	\$10	\$10
Income Before Transfers or Capital Contributions	(\$423)	\$120	\$361	(\$111)	\$372	\$915	\$1,174	\$1,825
Transfers (In Lieu of Taxes)	(\$340)	(\$344)	(\$365)	(\$370)	(\$377)	(\$384)	(\$391)	(\$399)
Capital Contributions	\$2,167	\$2,077	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
Cash Transfers from City	\$0	\$742	\$570	\$0	\$0	\$0	\$0	\$0
NET INCOME	\$1,404	\$2,595	\$1,667	\$619	\$1,094	\$1,630	\$1,883	\$2,526
TARGET NET INCOME	\$ 3,248	\$ 3,192	\$ 3,148	\$ 3,148	\$ 3,097	\$ 3,061		
Excess (Deficit) from Target	\$ (2,629)	\$ (2,098)	\$ (1,518)	\$ (1,214)	\$ (535)			
1/01 Cash Balance	\$ 5,747	\$ 4,918	\$ 5,262	\$ 4,792	\$ 4,396	\$ 4,095	\$ 3,591	
Change in Net Assets	2,595	1,667	619	1,094	1,630	1,883	2,526	
Depreciation & Amortization	2,417	2,579	2,633	2,646	2,677	2,700	2,729	
Capital Additions	(3,075)	(2,779)	(2,601)	(3,015)	(3,508)	(3,988)	(3,353)	
Non-Cash Contributions	(2,077)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	
Debt Principal Payments	-	-	-	-	-	-	-	
Debt Proceeds	-	-	-	-	-	-	-	
Net Change in Other Assets/Liabilities	(689)	(22)	(21)	(21)	-	-	-	
Net Changes in Cash	(829)	344	(471)	(396)	(300)	(505)	802	
12/31 Cash Balance	\$ 4,918	\$ 5,262	\$ 4,792	\$ 4,396	\$ 4,095	\$ 3,591	\$ 4,393	
Reserve Policy	\$ 2,753	\$ 5,127	\$ 5,429	\$ 5,576	\$ 5,647	\$ 5,682	\$ 5,816	
Excess (Deficit) from Policy	\$ 2,166	\$ 135	\$ (638)	\$ (1,180)	\$ (1,552)	\$ (2,091)	\$ (1,423)	
Cash Balance as % of Reserve Policy		102.6%	88.3%	78.8%	72.5%	63.2%	75.5%	

Attachment: Water Utility Proforma (6423 : Approval of the 2017 Water Utility Budget)



RESOLUTION

BE IT 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

2017 water utility capital and operating budgets.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of November, 2016.

President

Secretary