

WATER AND LIGHT COMMISSION MINUTES REGULAR MEETING NOVEMBER 22, 2010

The regular meeting of the Water and Light Commission was called to order in the Worthington Public Utilities Conference Room at 3:00 P.M., CST, by President Robert J. Demuth with the following members present: James Elsing and Gary Hoffmann. Absent were Ron Wood (excused) and Randy Thompson (excused).

Staff members present were Scott Hain, General Manager; Patrick Demuth, Electric Superintendent; Deb Scheidt, Secretary to the Commission

Others present: None

AGENDA ADDITIONS/CLOSURE

A motion was made by Commissioner Elsing, seconded by Commissioner Hoffmann and unanimously carried to close the agenda as presented.

WATER AND LIGHT COMMISSION MINUTES

A motion was made by Commissioner Hoffmann, seconded by Commissioner Elsing and unanimously carried to approve the Water and Light Commission minutes of the regular meeting held November 1, 2010.

FINANCIAL STATEMENTS AND STAFF REPORTS

A motion was made by Commissioner Elsing, seconded by Commissioner Hoffmann and unanimously carried to accept the Financial Statements and the Staff Reports for October 2010.

ELECTRIC DEPARTMENT 2011 STRATEGIC FINANCIAL PLAN

Scott Hain, General Manager, presented the 2011 Electric Department Strategic Financial Plan to the Commission for consideration. The plan included the WPU purchasing policy, the Electric Department budget, the five-year operation and maintenance expense summary, the five-year capital improvement program, the equipment and vehicle revolving schedule, the five-year flow of funds summary, the electric rate schedule and illustration of typical bills and the reserve account policy.

During a review of the proposed budget, Mr. Hain stated that Worthington's Western Area Power Administration (WAPA) allocation and cost will remain the same for 2011. Purchased power costs from Missouri River Energy Services (MRES) are budgeted to increase from \$9,181,087 in 2010 to \$9,193,963 in 2011, up \$12,876 or 0.14%. Transmission costs are

budgeted to increase from \$2,513,143 in 2010 to \$3,052,868 in 2011, up \$539,725 or 21.5%, as a result of the adjustment of the Split Rock transmission rate from \$5.50 to \$6.50 per kW. Overall operation and maintenance (O&M) expenses were up 3.64% over the 2010 budget, however, the vast majority of the increase is due to increased purchased power and transmission costs. 2011 budgeted O&M costs, less purchased power and transmission, only increased by 0.14% over the 2010 budget. Mr. Hain also reported a budgeted increase in new revenue capital improvement costs from \$906,782 in 2010 to \$1,142,237 in 2011, up \$235,455 or approximately 26%. Mr. Hain noted that \$358,850 (not including labor costs) in budgeted 2011 capital improvements costs are related to the Highway 60 expansion project.

Mr. Hain stated that the proposed 2011 rates used in determining revenues for the 2011 budget would generally result in increases ranging from 2% to 7% depending upon the customer class and individual patterns of electrical usage. For an "average" residential customer, the proposed rates would increase the average monthly electric bill by approximately \$3.50.

After discussion, a motion was made by Commissioner Hoffmann, seconded by Commissioner Elsing and unanimously carried to approve the Electric Department 2011 Strategic Financial Plan as presented.

QUARTERLY HALOACETIC ACIDS (HAA5) AND TRIHALOMETHANE (THM) RESULTS

A copy of the letter from the Minnesota Department of Health (MDH) to the Water and Light Commission dated November 17, 2010, and the Final Report generated November 8, 2010, for the Quarterly Haloacetic Acids (HAA5) and Trihalomethane (THM) Results was provided to Commission members.

A motion was made by Commissioner Hoffmann, seconded by Commissioner Elsing and unanimously carried to receive the Quarterly Haloacetic Acids (HAA5) and Trihalomethane (THM) Report.

OSHA UPDATE

Scott Hain, General Manager; Eric Roos, Water Superintendent; Dennis Apel, Wastewater Superintendent; and James Dolen, Minnesota Municipal Utilities Association Regional Safety Coordinator, attended an informal settlement conference with Minnesota OSHA in Mankato, Minnesota, on November 10, 2010, to contest the inspection findings and associated citations relating to recent OSHA inspections. Mr. Hain provided the Commission with details on the proposed settlement agreement.

FEDERAL & STATE LEGISLATIVE OUTLOOK

Scott Hain, General Manager, provided information on the state and federal legislative outlook on utility related issues based on the results of the recent general election.

2011 AMERICAN PUBLIC POWER ASSOCIATION LEGISLATIVE RALLY

The 2011 American Public Power Association Legislative Rally will be held February 28 through March 3, 2011, in Washington, D.C. A brief discussion was held on attending the rally.

UTILITY BILLS PAYABLE

A motion was made by Commissioner Hoffmann, seconded by Commissioner Elsing and unanimously carried to approve the utility bills payable totaling \$90,335.74 for November 8, November 10 and November 19.

ADJOURNMENT

A motion was made by Commissioner Elsing, seconded by Commissioner Hoffmann and unanimously carried to adjourn the meeting at 4:33 P.M., CST. President Demuth declared the meeting adjourned.

Deb A. Scheidt
Secretary to the Commission