

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 17th day of February 2010. The following members were present: Chairman Scott Swenhaugen and Commissioners Richard Nielsen and Michael Engel. Also present were City Administrator Chris Heineman, Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Add: New Business: B/Request for donation for Carriage and Cutter parade. Motion by Nielsen, second by Swenhaugen to adopt agenda as amended. Approved 3-0-0.

CONSENT AGENDA

Addition to December 28, 2009 minutes: A change was made in the electric billing policy for seasonal customers who peak during KMU's peak season. They will be charged commercial rate for KWh and demand rate for monthly base charge. Currently this affects the Kenyon Country Club.

Change to January 20, 2010 minutes: Note that this was a regular meeting.

Motion by Swenhaugen, second by Nielsen to adopt amended consent agenda with the approval of checks #35354-35410 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #1237-1248. Approved 3-0-0.

PRESENTATIONS/PUBLIC HEARINGS

FINANCIAL REPORTS

January 2010 Financial Reports

Nielsen questioned the difference in bond interest between January of 2009 and 2010. Dodds noted that the 2009 interest was recorded differently and reflected a lower amount than 2010 due to the bond refunding.

OLD BUSINESS

Generation Operating Report

Eggert reported that generators had been exercised only in January.

Safety Report

CPR refresher. Hearing tests will be conducted next month.

CMMPA updates

Heineman reported that CMMPA has now decided to administer the CIP program in-house and has hired two employees to perform those duties for its members. They are also contemplating hiring a full-time IT person and transitioning away from the current consulting arrangement for IT services with Blue Earth Power & Light.

CMMPA is currently working on long range planning that may include developing a coalition of several utilities to build a demand for 1000 MGW. This may enable them to become involved in larger projects, such as a proposed hydro plant in Manitoba, Canada.

CMMPA agreements

Heineman updated the commission on the February 12 City Council meeting. The council voted 4-1-0 (Councilman Nielsen dissenting) not to approve the CMMPA Agency Agreement and to give CMMPA a 60-day notice to withdraw as a member of CMMPA. City Attorney Scott Riggs and Heineman recommended signing the agreement.

This does not affect the Market Participant and Additional Services agreements which were signed in 2009 and have a 5-year term. If the 60-day notice continues to move forward, Kenyon would be considered a member in the

agency through about April 15. After that, the City of Kenyon would still be receiving services from CMMPA, but will no longer have a vote on the CMMPA board. Heineman noted that currently CMMPA is the transmission owner for Kenyon and was not sure how that would be affected.

Nielsen felt that part of the reason the council turned down the agreement was the lack of information early on from CMMPA, but felt that they have made improvements to that.

As a non-member KMU would pay per hour for services such as scheduling services, load management and CIP administration. Adders will be determined by the CMMPA board.

The commission held a lengthy discussion on unknown costs involved in contracting for the agency's services, the lack of knowledge of what other options there are for these services, the legal cost of updating these agreements, and the possible detrimental effect on our customers.

Eggert reported that due to the uncertainty of KMU's relationship with CMMPA he had contacted CMMPA to request withdrawal from the Generation Interconnection Study approved at the December 28, 2009 meeting. Motion by Nielsen, second by Engel to approve Eggert's actions to withdraw from the Generation Interconnection Study pending further developments with CMMPA. Approved 3-0-0.

Eggert noted that his understanding from the agreement is that a resolution would need to be signed by both KMU and the City Council. Heineman stated that according to the City Attorney, only City Council approval is required as the legal governing body for the City of Kenyon.

Motion by Engel, second by Nielsen to strongly recommend to the council not to move forward with the 60-day notice to withdraw from the CMMPA agency. Approved 3-0-0.

Heineman noted that he is planning a presentation from Steve Downer, Associate Executive Director of the MMUA, on March 12 during an open forum from 10:30 – noon. He will provide a background on Minnesota's public utilities and discuss potential alternatives to CMMPA. Heineman will also contact representatives from other agencies to provide additional information on possible alternatives for the City of Kenyon.

NEW BUSINESS

Wind Power Agreement

Tabled pending further developments with CMMPA.

Carriage and Cutter Parade Donation

Dodds noted that previously KMU made a \$500 donation in 2006 & 2009 for the Carriage and Cutter Parade. Motion by Engel, second by Nielsen to approve a \$500 donation to the Carriage and Cutter Parade as requested. Approved 3-0-0.

OTHER

Eggert noted that due to scheduling conflicts John Lee will not be attending a three-day water school. He also reported on a water leak on a customer's service on Bullis Street last week.

There being no further business, Swenhaugen adjourned the meeting at 7:55 p.m.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chairman

Randy Eggert, Operations Superintendent