

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 26<sup>th</sup> day of August 2015. The following members were present: Commissioners Dave Claxton and Richard Nielsen. Also, present Mayor Michael Engel, City Administrator Mark Vahlsing and Operations Superintendent Randy Eggert.

### **AGENDA**

Add: New Business: / B /Appoint Richard Nielsen as Acting Chair; / C /MN Department of Health recommendation on fluoride. Motion by Claxton, second by Nielsen to adopt agenda as amended. Approved 2-0-0.

### **CONSENT AGENDA**

Motion by Nielsen, second by Claxton to adopt the consent agenda with the approval of checks #38458-38507 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4968-4983. Approved 2-0-0.

### **OLD BUSINESS**

#### **Generation Operating Report**

Eggert stated that so far the EPA has left the emergency demand response hours at 100 hours.

Commission reviewed information on capacity charges. CMMPA estimated that for KMU, which is in Zone 1 of the MISO market, the cost of replacement capacity for June 2015-May 2016 would be over \$7,000 if generation were not available. This compares to \$2,200 two years ago. Comparatively, the same amount of capacity in Zone 4, which includes portions of Illinois & Indiana, would cost \$317,000 compared to \$35,000 two years ago.

Nielsen asked if this information indicated if it was worth adding the catalytic converters. Engel stated that he believes it indicates that capacity costs will continue to rise. Eggert said that by adding the catalytic converters KMU would receive capacity credits and would give KMU the capability of using the generators as necessary. Nielsen questioned the payback amount in years and what the penalty is for non-compliance. He feels like the answers to these questions should be available from CMMPA.

#### **Safety Report**

Annual pole top and bucket rescue. Trained public works employees to help as grounds men. MMUA tested hot sticks & grounds and led training on confined space, entry & rescue.

#### **CMMPA Updates**

None.

### **NEW BUSINESS**

#### **Salvation Army HeatShare program participation**

Commission agreed to participate.

#### **Appoint Richard Nielsen as acting chair**

Motion by Claxton, second by Nielsen to appoint Richard Nielsen as acting chairman. Approved 2-0-0.

#### **Minnesota Department of Health recommendation on fluoride**

The Public Health Service has now finalized a new guideline recommending a single fluoride level of 0.7 milligrams/liter (mg/L). Currently the recommended amount is .9 mg/L and no more than 1.5 with average of 1.2. They believe that children are getting enough fluoride from other sources and in some cases too much, resulting in damage to teeth. A variance would allow cities to treat water at the new lower level until the rule change is completed. Currently, KMU is testing to see if the current pumps

can be backed off enough. If not, two new pumps at a cost of about \$800 each would need to be purchased. The State is estimating that for every one million gallons of water \$8.00 would be saved resulting in about \$480 per year for Kenyon. Neilsen asked why a city would not opt for this change. Eggert said that some cities are not changing, because they feel it is helpful to the children. Eggert would like to continue to test the existing pumps. Commission members agreed.

### **OTHER**

All in attendance expressed their sadness over the unexpected death of KMU Board Chairman Scott Swenhaugen on August 16.

Eggert noted that the water line loss will be higher than average due to some leaks. One of the leaks resulted in the pumping of 1.2 million gallons in one day compared to an average of about 160,000 per day. All paving to repaired areas of water leaks has been completed.

Eggert also reported that St. Marc's cement plant has passed the bacteria testing on the water from their four-inch waterline.

The transformer at the St. Marc's was found to be damaged before it was hooked up in the new area. It was sent in for repairs and during the testing a bad connection was detected. The cost could be up to \$3,000.

### **ADJOURNMENT**

Motion by Claxton, second by Nielsen to adjourn meeting at 6:41 p.m. Approved 2-0-0.

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Sue Dodds, Bookkeeper

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Richard Nielsen, Acting Chair

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Randy Eggert, Operations Superintendent

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 6:12 p.m. on the 16<sup>th</sup> day of September 2015. The following members were present: Commissioners Richard Nielsen and Dave Claxton. Also, present Mayor Michael Engel, City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert, Bookkeeper Sue Dodds and resident Jerry Houglum.

### **AGENDA**

Motion by Nielsen, second by Claxton to adopt agenda as amended. Approved 2-0-0.

### **CONSENT AGENDA**

Motion by Claxton, second by Nielsen to adopt the consent agenda with the approval of checks #38508-38553 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4984-4998. Approved 2-0-0.

### **FINANCIAL**

#### **2016 Preliminary Budget**

Dodds reviewed the preliminary budget explaining that the electric fund shows a very healthy net income due primarily to the change in some energy contracts resulting in lower costs. Although the recent rate increase will help, the water department continues to struggle. Eggert noted that all four employees of KMU are at the top of their pay grades. The commission discussed a grade change for the two linemen. Dodds will update the budget, including adding in \$210,000 for installing catalytic converters to the generators.

### **OLD BUSINESS**

#### **Generation Operating Report**

Generators were run for testing and exercising.

#### **Safety Report**

No safety this month.

### **CMMPA Updates**

RICE (Reciprocating Internal Combustion Engines) standards for emergency demand response and system reliability may change from 100 to 15 hours in May 2016. This will affect KMU if catalytic converters are not installed. Eggert is continuing to check on prices for the converters. He will also try to find out the lifespan of the converters and how long a generator should run to keep the converters in good working order. Eggert is obtaining proposals from Ziegler and Fairbanks Morse for generator maintenance.

CMMPA as a whole is at 133% of the 2015 CIP (Conservation Improvement Program) goal.

CMMPA is discussing a community solar program where the 12 member cities would each install a 40W solar system at a cost of about \$106,000. This would not include the step-up or step-down transformer or site preparation. They estimate the capacity for Kenyon at 26%. Nielsen asked what the payback is on these. That is yet to be determined.

### **NEW BUSINESS**

#### **OTHER**

Eggert noted that Frontier and Mediacom will each contribute one-third of the cost of trimming trees by the mobile home court.

**ADJOURNMENT**

Motion by Nielsen, second by Claxton to adjourn meeting at 7:30p.m. Approved 2-0-0.

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Sue Dodds, Bookkeeper

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Richard Nielsen, Acting Chairman

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Randy Eggert, Operations Superintendent

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 21st day of October 2015. The following members were present: Commissioners Richard Nielsen, Dave Claxton and Jerry Houglum. Also, present Mayor Michael Engel, City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

### **CITIZENS COMMENTS**

Heidi Haugen, representing the Community Garden committee, was present to ask if they could use the fire hydrant for watering at the garden. Other options were discussed. No action was taken.

### **AGENDA**

#### **CONSENT AGENDA**

Motion by Claxton, second by Houglum to remove the September 16 minutes for correction and adopt the remainder of the consent agenda with the approval of checks #38554-38609 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4998-5011. Approved 3-0-0.

#### **Approval of Minutes September 16, 2015**

##### **CMMPA Updates**

*CMMPA is discussing a community solar program where the 12 member cities would each install a 40W KW solar system at a cost of about \$106,000.* Motion by Claxton, second by Houglum to approve September 16, 2015 minutes as amended. Approved 3-0-0.

### **FINANCIAL**

#### **2016 Budget**

Dodds noted that changes from the preliminary budget included moving the two linemen up one grade on the pay scale and adding the cost for the installation of catalytic converters on the generators. Motion by Nielsen, second by Claxton to approve the 2016 budget as presented. Approved 3-0-0.

### **OLD BUSINESS**

#### **Generation Operating Report**

Generators were run for exercising only.

#### **Safety Report**

Fire safety.

#### **CMMPA Updates**

No meeting in October

#### **Minnesota Department of Health Monitoring Report**

The recent report from the Minnesota Department of Health showed water samples taken April 20, 2015 from well #2 contained radium levels of 5.1 pCi/L, which is down from the 6.0 level from September 2015. Three more quarterly samples will be taken.

### **NEW BUSINESS**

**Appointment to the Public Utility Commission**

Jerry Houglum was welcomed as the new utility board member appointed by the city council on October 13. He will fill the seat left vacant following the death of Chairman Scott Swenhaugen.

**LTD Broadband request**

The City received a request from LTD Broadband to place an antenna on the water tower for high-speed internet with the offer of free internet to all city facilities in exchange. Currently the city pays about \$2,800 per year for internet at 3 sites, which include the fire hall, city hall & liquor store. The City of Wanamingo and some area farmers currently have antennas in place by this company and have not reported any issues. A representative will attend the November meeting to discuss this further.

**Caterpillar Diesel Engine NESHAP Compliance**

Eggert reviewed proposals from Ziegler and Fairbanks Morse Engines for upgrading the engines to make them National Emission Standards for Hazardous Air Pollutants (NESHAP) compliant. Commissioners reviewed the handout which summarized the capacity credits received up through 2009 and the capacity charges avoided by having the generators. Nielsen questioned what the payback period would be on this. Motion by Nielsen, second by Claxton to authorize Eggert advertise for bids on this project. Approved 3-0-0.

**ADJOURNMENT**

Motion by Nielsen, second by Houglum to adjourn meeting at 7:05p.m. Approved 3-0-0.

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Sue Dodds, Bookkeeper

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Richard Nielsen, Acting Chairman

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Randy Eggert, Operations Superintendent

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 18th day of November 2015. The following members were present: Acting Chairman Richard Nielsen and Commissioners Dave Claxton and Jerry Houglum. Also, present Mayor Michael Engel, City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

### **AGENDA**

Add: Old Business: D/RFP. Motion by Nielsen, second by Claxton to adopt agenda as amended. Approved 3-0-0.

### **CONSENT AGENDA**

Motion by Nielsen, second by Claxton to adopt the consent agenda with the approval of checks #38610-38659 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #5012-5028. Approved 3-0-0.

### **PRESENTATIONS**

Becky Severtson from LTD Broadband was present to request approval to install equipment on Kenyon's water tower in order to provide high speed wireless internet service to residents of the City of Kenyon and surrounding areas. The benefits to the city would be negotiated, but could include \$100 per month rent and/or free internet service to city buildings.

Concerns included the reliability of wireless versus wired, attorney fees for reviewing contract, cost of wiring equipment, moving equipment when tower needs painting and whether the installation would be inspected. Severtson assured the board that LTD would be responsible for moving equipment during the painting process and would also pay for any wiring needed to install the equipment.

Nielsen asked to have this tabled until the December meeting.

### **OLD BUSINESS**

#### **Generation Operating Report**

Generators were run for exercising only.

Bid notices will be published in the Kenyon Leader and MMUA Resource newsletter this week for the installation of equipment to update the generators to comply with National Emission Standards for Hazardous Air Pollutants (NESHAP). Deadline for bids is 4:00 p.m. on December 11 with bid opening at December 14 meeting.

#### **Safety Report**

MMUA training for October was defensive driving. Eggert, Sahl, Lee, Belch and Ehrich have or will all attend a logging safety training funded by OSHA.

#### **CMMPA Updates**

The estimate for installing a 40KW solar unit is \$100,000-\$106,000 per city. Eight of the twelve member cities have expressed interest in the project. To receive the current tax credits the units would need to be in service by the end of 2016. Claxton asked about how it would affect the

city's insurance if it were installed on the roof of a building. The commission would like to have Eggert continue to pursue this project with CMMPA.

Other information from today's CMMPA board meeting included:

- Through the month of October CMMPA is coming in about \$300,000 under budget overall.
- CMMPA plans to open a branch office in the metro area by I494 and highway 169.
- NC2 is back in service with additional maintenance scheduled for 2017.

### **RFP**

The board directed Eggert to continue to have CMMPA research the subscription amounts needed for Kenyon's future energy needs. Eggert will ask CMMPA COO Chris Kopel to attend the December meeting to discuss this.

### **NEW BUSINESS**

#### **Eliminate line item "Energy Cost Adjustment" from bills**

Dodds noted that this has not been used in many years and continues to show up on customer bills at \$0. Motion by Houghlum, second by Claxton to remove the line item from future bills. Approved 3-0-0.

#### **First Street project – water portion**

Eggert explained that the water portion of the First Street project is approximately \$32,000. He has spoken with the city engineer and will be making some adjustments. Eggert noted that the water main was put in place in 1985 and should not need to be replaced for close to 20 years. KMU staff may also be able to do some of the work themselves on hydrants included in the project.

#### **December meeting date**

The board agreed to reschedule the December meeting to Monday the 14<sup>th</sup> to allow Eggert to attend the MMUA Technical & Operations conference from December 15-17.

### **ADJOURNMENT**

Motion by Claxton, second by Houghlum to adjourn meeting at 7:23 p.m. Approved 3-0-0.

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Sue Dodds, Bookkeeper

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Richard Nielsen, Acting Chairman

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Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall council chambers at 6:03 p.m. on the 14th day of December 2015. The following members were present: Acting Chairman Richard Nielsen and Commissioners Dave Claxton and Jerry Houglum. Also, present Mayor Michael Engel, City Administrator Mark Vahlsing, and Operations Superintendent Randy Eggert.

### **AGENDA**

Motion by Nielsen, second by Claxton to adopt agenda as presented. Approved 3-0-0.

### **CONSENT AGENDA**

Motion by Houglum, second by Claxton to adopt the consent agenda with the approval of checks #38661-38702 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #5029-5044. Approved 3-0-0.

### **PRESENTATIONS**

Chris Kopel, CMPAS COO presented results of the Power Supply Coalition long term resource study with UMEG (Upper Midwest Energy Group of Wisconsin), three Iowa cities and CMMPA (now CMPAS) for a total load of 500 megawatts.

The goal is to put together a portfolio for the years 2018 – 2038, which is diversified in terms of fuel, term, regulatory & locational risks and hedged against the high cost of natural gas, regulatory Clean Power Plan costs and MISO capacity and congestion. This includes energy from hydro, gas fired, nuclear, wind and coal sources.

*Councilmember John Mortenson joined meeting at 6:40.*

Fixed cost contracts will account for 36% of the portfolio in the year 2025, while 35% comes from hedged and 29% from unhedged cost contracts.

### **OLD BUSINESS**

#### **Caterpillar Diesel Engine NESHAP Compliance - Sealed bids**

Ziegler provided the only bid to bring three Caterpillar diesel engines into compliance with NESHAP. Motion by Nielsen, second by Claxton to accept the Ziegler bid for \$136,750. Approved 3-0-0.

#### **Safety Report**

Tree work & mental health.

#### **CMMPA Updates**

No meeting since last month.

#### **LTD Broadband**

Nielsen felt that allowing LTD Broadband to install an antenna on the water tower could be a good idea. Eggert questioned the fairness of LTD's request for free energy and not paying a monthly meter charge and meter deposit. Vahlsing stated that if the commission recommends approval of the contract that the item would be on the agenda for January Council meeting.

Commission would like the contract based on the following:

- LTD will be responsible for:
  - Payment of city's legal fees
  - Removal of antenna by LTD for painting of the water tower
  - \$150 per month lease
  - \$22 commercial electric meter base charge per month
- Connection not to be welded to tower
- The city to receive one free connection at each city building

Motion by Claxton, second by Nielsen to recommend the council's approval of entering into an agreement with LTD for the installation of an antenna on the water tower with the above stipulations. Approved 3-0-0.

### **2016 Budget revisions**

There were some changes to the capital plan since the budget was approved in October resulting in a change to the expenses for capital outlay and depreciation. Motion by Houghlum, second by Claxton to accept the revised 2016 budget. Approved 3-0-0.

### **NEW BUSINESS**

#### **Minnesota Energy Request for power on Tenth Street**

Minnesota Energy requested power from Goodhue County Coop (GCC) to their station on Tenth Street. GCC has more distance to bring power to the station than KMU so they would give KMU an easement to take this account from their territory. Eggert felt that if KMU agreed to this Minnesota Energy would need to trench in the lines. He said the only advantage would be that if there was power the city could install a street light in that area. The commission didn't feel that the advantage to KMU would be enough to warrant this.

### **OTHER**

Engel thanked Claxton for his time on the board as his term has ended and has chosen not to continue.

### **ADJOURNMENT**

Motion by Claxton, second by Houghlum to adjourn meeting at 7:45 p.m. Approved 3-0-0.

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Sue Dodds, Bookkeeper

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Richard Nielsen, Acting Chairman

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Randy Eggert, Operations Superintendent