

WATER AND LIGHT COMMISSION MINUTES REGULAR MEETING MAY 17, 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., DST, by President Robert J. Demuth with the following members present: Randy Thompson, James Elsing and Gary Hoffmann. Absent was Ron Wood (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

Scott Hain, General Manager, requested the addition of *Lewis and Clark Update* to the agenda. A motion was made by Commissioner Hoffmann, seconded by Commissioner Thompson and unanimously carried to close the agenda with the addition of *Lewis and Clark Update*.

WATER AND LIGHT COMMISSION MINUTES

A motion was made by Commissioner Thompson, seconded by Commissioner Elsing and unanimously carried to approve the Water and Light Commission minutes of the regular meeting held May 3, 2010.

FINANCIAL STATEMENTS AND STAFF REPORTS

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

AWARD BID FOR 2010 CONCRETE PAVEMENT RESTORATION PROJECT

Scott Hain, General Manager, reported that the following bids were received on Monday, May 17, for the 2010 concrete pavement restoration project based on the plans and specifications approved by Water and Light Commission at their April 19, 2010, regular meeting.

Water Project Restoration
Clary Street/First Avenue

Taplin
Construction

McCuen
Construction

Groniga
Construction

Dakota
Contracting

Schedule 1	\$156,626.50	\$179,815.50	\$187,294.14	\$218,822.30
	<u>Sanitary Sewer Project Restoration</u>			
	Clary Street/First Avenue/Nobles Street			
	Taplin Construction	McCuen Construction	Groniga Construction	Dakota Contracting
Schedule 2	\$138,046.50	\$136,304.00	\$138,580.05	\$151,970.15
	<u>Storm Sewer Project Restoration</u>			
Schedule 3	\$47,545.75	\$45,402.00	\$49,659.72	\$53,579.10
Total Schedules 1-3	\$342,218.75	\$361,521.50	\$375,533.91	\$424,371.55

Mr. Hain reminded Commission members that Schedules #1 and #2 will be funded by utility revenues and that the utility funded schedules are estimated at \$80,000 to \$90,000 under budget. Schedule #3 will be funded by storm water revenue.

Mr. Hain also reported that the City included an Equal Opportunity Statement with their bid documents as a means to comply with Minnesota Statute 181.59. Mr. Hain noted that the low bidder, Taplin Construction, did not include the executed Equal Opportunity Statement with their bid and the City Attorney was contacted for his opinion on whether the omission of the executed statement would be cause to reject the bid. It is the opinion of the City Attorney that, because this is a municipal contract, the bidder must comply with Minnesota Statute. While failure to submit the statement is an irregularity, he believes that such irregularity is not material provided that the low bidder is willing to submit the statement and recommended that the Water and Light Commission award the contract to the low bidder contingent upon the low bidder submitting an executed statement.

A motion was made by Commissioner Thompson, seconded by Commissioner Hoffmann and unanimously carried to award the bid for the 2010 concrete pavement restoration project to Taplin Construction in the amount of \$342,218.75 contingent upon receipt of the signed Equal Opportunity Statement.

2009 CONSUMER CONFIDENCE REPORT

Scott Hain, General Manager, presented the Commission with a draft of the 2009 Worthington Public Utilities Consumer Confidence Report. A motion was made by Commissioner Elsing, seconded by Commissioner Hoffmann and unanimously carried to approve the 2009 Consumer Confidence report for distribution with the June 2010 utility bills.

AMI/AMR/LOAD MANAGEMENT PROJECT UPDATE

Scott Hain, General Manager, provided the Commission with a verbal update on the status of the AMI/AMR/Load Management project. Mr. Hain indicated that a decision needed to be made regarding how to deal with customers who choose to opt-out of the demand response program. Options discussed included (1) offering incentives for customers who participate versus no incentives for customers who don't, (2) charging those who choose not to participate a flat "opt out" fee and, (3) creating separate retail rates for those who participate and those who don't. It was the consensus of the Commission to proceed with option 2, charging those who choose not to participate an "opt out" fee.

Discussion was then held on the amount of the "opt out" fee. Mr. Hain indicated that the kW rate that WPU will be charged during this summer from our power supplier is \$15.50 per kW. In addition, WPU will incur a charge of \$5.50 per kW for transmission. Mr. Hain indicated that he had discussed the "opt out" charge concept with the Manager of Financial Analysis and Rates for Missouri River Energy Services, and a charge of \$21 per kW per month during the summer months when air conditioning would normally be controlled was determined to be reasonable and justifiable. Mr. Hain reported that the control of a single residential AC load is generally expected to achieve 1 kW in monthly peak demand reduction.

Mr. Hain also presented the Commission with draft policy language and solicited suggestions. Based on the discussion, staff was directed to prepare and present a policy statement for adoption at the next Commission meeting that addressed the following:

- Automatic enrollment in the demand response program as a condition of receiving electric service
- Opportunity for a customer to opt out of participation
- The opt out charge

Staff will also prepare an "Opt Out" form for customers to execute if they choose not to participate in the demand response program and will work on developing additional educational material before the program rolls out to the general public, perhaps including a "Frequently Asked Questions" area on the WPU website.

A motion was made by Commissioner Thompson, seconded by Commissioner Hoffmann and unanimously carried that, as a condition of service, WPU customers shall be enrolled in WPU's demand response program and that a fee of \$21 per month, to be assessed with the July, August and September billings, be implemented for those customers who actively choose not to participate in the program.

LEWIS AND CLARK UPDATE

Scott Hain, General Manager, reported that Senator Al Franken has amended his original funding request for FY11 from \$15 million to \$35 million for the Lewis and Clark Regional Water System project. This put Senator Franken's request at the same level as the other five project area Senators.

UTILITY BILLS PAYABLE

A motion was made by Commissioner Hoffmann, seconded by Commissioner Elsing and unanimously carried to approve the Utility Bills Payable totaling \$103,930.80 for May 6 and May 14, 2010.

ADJOURNMENT

A motion was made by Commissioner Hoffmann, seconded by Commissioner Thompson and unanimously carried to adjourn the meeting at 4:29 P.M., DST. President Demuth declared the meeting adjourned.

Deb A. Scheidt
Secretary to the Commission