

Regular Meeting
January 28, 2004

Members present: President Paul Ackland; Vice President Craig Lenz; Secretary Donald Walser; Commissioner Marlin Torgerson; Interim General Manager Patrick Spethman; and Attorney Marc Sebor

President Ackland called the meeting to order at 3:00 p.m.

Vice President Lenz made a motion to approve the minutes of the December 18, 2003 Special Meeting. Secretary Walser seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve the minutes of the December 29, 2003 Meeting. Commissioner Torgerson seconded the motion and it passed unanimously.

The Hutchinson City Tree Board presented a 2003 Energy Conservation Program update and requested additional funds for 2004. Commissioner Torgerson made a motion to approve \$30,000 to the Hutchinson City Tree Board for 2004. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve 2003 available Energy Conservation Funds to the City of Hutchinson Library Improvement Project. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to ratify the payment of bills in the amount of \$4,634,579.40 (detailed listing in payables book). Secretary Walser seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve the financial statement and budget year to date. Secretary Walser seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve the advertisement for bids for annual conductor usage. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve Requisition #18537 to CIC Global for upgrade to the current powerstat system. Vice President Lenz seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve Requisition #18560 to Great River Energy for MCBH static line material. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve Requisition #18603 to VTI/Videotronix Inc for additional security systems for the front office entrance & customer service areas. Secretary Walser seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #18611 to HDR Engineering Inc for an electrical system coordination study, load study and substation feasibility study. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve Requisition #18617 to Groebner & Associates Inc for meter bar assemblies for residential meter facilities. Vice President Lenz seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve Requisition #18638 to Pumps & Supplies Inc for parts and coolers for boiler feed pumps on Unit #1. Secretary Walser seconded the motion and it passed unanimously.

Division Updates were presented.

Commissioner Torgerson made a motion to approve the employment ad for the General Manager position. Secretary Walser seconded the motion and it passed unanimously. The ad will run in the Hutchinson Leader, Star Tribune, Public Power Weekly Publication, MMUA Publication and Web Site.

Commissioner Torgerson made a motion to approve the Ottertail Big Stone II Coal Generation Feasibility Study. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to adjourn the meeting at 5:15 p.m. Vice President Lenz seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Regular Meeting
February 25, 2004

Members present: President Paul Ackland; Secretary Donald Walser; Commissioner Marlin Torgerson; Commissioner David Wetterling; Interim General Manager Patrick Spethman; and Attorney Marc Sebor

President Ackland called the meeting to order at 3:00 p.m.

Secretary Walser made a motion to approve the minutes of the January 28, 2004 Meeting. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve 2003 available Energy Conservation Funds to the Hutchinson Fire Department (\$19,500), Recreation Center (\$18,000), and the Police Department (\$2,000). Secretary Walser seconded the motion and it passed unanimously.

A Visitor addressed the Commission regarding the cost of consumer utilities.

Commissioner Wetterling made a motion to ratify the payment of bills in the amount of \$4,443,939.39 (detailed listing in payables book). Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the financial statement and budget year to date. Secretary Walser seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #30 to Groebner & Associates for residential meters. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve Requisition #68 to HDR Engineering Inc for the cost study for Unit 1 boiler. Commissioner Torgerson seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #70 to Utilities Plus Energy Service for repair of the 15MVA transformer for Hutchinson Technology Incorporated. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve Requisition #75 to the Motor Vehicle Department of Minnesota for the license and change in title for truck #255. Commissioner Torgerson seconded the motion and it passed unanimously.

Secretary Walser made a motion to award the bid for annual conductor to Border States Electric based on total cost and the suppliers ability to meet specifications. Commissioner Torgerson seconded the motion and it passed unanimously.

Division Updates were presented.

Secretary Walser presented an update on the General Manager position. Commissioner Torgerson made a motion to call a Special Meeting March 11, 2004 to review applications. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion to authorize a meeting for President Ackland, Commissioner Torgerson, Interim General Manager Spethman and Marc Sebor to meet with New Ulm to discuss the New Ulm Agreement. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to adjourn the meeting at 5:25 p.m. Commissioner Wetterling seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Special Meeting
March 11, 2004

Members present: President Paul Ackland; Commissioner David Wetterling; Commissioner Marlin Torgerson; City of Hutchinson Attorney Marc Sebor; City of Hutchinson Human Resource Director Brenda Ewing

The Commission reviewed thirteen (13) applications marked A through M. Brenda Ewing had blacked out all personal information because of privacy concerns. After discussion on each application, Commissioner Torgerson made a motion to interview applicants B, C, D, E, F, and G. Commissioner Wetterling seconded the motion and it passed unanimously.

Discussion was held when to conduct interviews. Commissioner Wetterling made a motion to direct Brenda Ewing to set up interviews with candidates on March 26, 2004 and to hold a Special Meeting beginning at 9:00 a.m. Commissioner Torgerson seconded the motion and it passed unanimously.

Meeting Adjourned.

President Ackland recorded minutes.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Special Meeting
March 26, 2004

Members present: President Paul Ackland; Vice President Craig Lenz; Secretary Don Walser; Commissioner David Wetterling; City of Hutchinson Human Resource Director Brenda Ewing

Interviews were scheduled with 6 candidates for the General Manager position. Candidates were Patrick Spethman, Mike Kumm, Dan Schoenecker, Richard Matzke, Kim Roden and Joseph McClelland.

After the interviews each Commissioner was asked to rate the #1 candidate. It was the consensus of all Commissioners that Mike Kumm was the #1 candidate for the position of General Manager.

Secretary Walser made a motion to have Brenda Ewing contact Mike Kumm with an offer. Vice President Lenz seconded the motion and it passed unanimously.

Meeting Adjourned.

President Ackland recorded minutes.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Regular Meeting
March 31, 2004

Members present: President Paul Ackland; Vice President Craig Lenz; Secretary Donald Walser; Commissioner David Wetterling; Interim General Manager Patrick Spethman; and Attorney Marc Sebor

President Ackland called the meeting to order at 3:00 p.m.

Secretary Walser made a motion to approve the minutes of the February 25, 2004 Meeting. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to ratify the payment of bills in the amount of \$3,800,428.76 (detailed listing in payables book). Secretary Walser seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the financial statement and budget year to date. Secretary Walser seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the request of Jean Ward, from the Hutchinson Housing & Redevelopment Authority, to fund, via CIP monies, the purchase of Energy Star air conditioners for the tenants of Park Towers. Vice President Lenz seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #12 to Border States Electric for source transfer equipment for Hutchinson hospital to switch from feeder 15 to 22. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve Requisition #61 to JT Services for lights for the City of Hutchinson library restoration project. Vice President Lenz seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve Requisition #127 to Groebner & Associates Inc for a fusion machine. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #157 to G & S Manufacturing to build a catwalk for bypass stack at Plant 2. Commissioner Wetterling seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve Requisition #216 to RESCO for transformers for new development & conversion areas. Secretary Walser seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the HIPPA Privacy Policy & Procedures. Vice President Lenz seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve the Natural Gas Rate Verbiage Change. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion to sell Unit 8, in Plant 1. Commissioner Wetterling seconded the motion and it passed with 4 ayes and 1 nay (President Ackland).

Division Updates were presented.

A Work Order Number was established for the Big Stone Project.

Commissioner Wetterling made a motion to approve the New Ulm Contract with modifications. Secretary Walser seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve payment to McLeod Cooperative Power for annexation costs. Commissioner Wetterling seconded the motion and it passed unanimously.

A date of May 7, 2004 was set for the Employee Recognition event. Facility availability will be reviewed.

The Commission shall provide the Open Meeting minutes for the General Manager position.

Commissioner Wetterling made a motion to adjourn the meeting at 6:00 p.m. Vice President Lenz seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Regular Meeting
April 28, 2004

Members present: President Paul Ackland; Vice President Craig Lenz; Secretary Donald Walser; Commissioner David Wetterling; Commissioner Torgerson; Interim General Manager Patrick Spethman; and Attorney Marc Sebora

Vice President Lenz called the meeting to order at 3:00 p.m.

Commissioner Wetterling made a motion to approve the minutes of the March 11, 2004 Special Meeting. Secretary Walser seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve the minutes of the March 26, 2004 Special Meeting. Secretary Walser seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve the minutes of the March 31, 2004 Meeting with a revision to the number of ayes, from 4 to 3, regarding the sale of Unit 8 in Plant 1. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to ratify the payment of bills in the amount of \$3,649,062.11 (detailed listing in payables book). Vice President Lenz seconded the motion and it passed unanimously. President Ackland, Commissioner Torgerson and Interim General Manager Spethman will review damages that may have been caused by Jomax.

Commissioner Wetterling made a motion to approve the financial statement and budget year to date. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the 2003 Financial Audit. Commissioner Torgerson seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve adjustments to work order #10301. Secretary Walser seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve adjustments to work order #60401. Commissioner Torgerson seconded the motion and it passed unanimously.

Remodel specifications and estimates were presented and the discussion was tabled until more information and or options are gathered.

Christopher Dietzen, of Larkin, Hoffman, Daly & Lindgren Ltd, presented three options to the Commission, for the Environmental Quality Board, regarding the Hutchinson pipeline project.

Vice President Lenz made a motion to move forward with option two. Commissioner Wetterling seconded the motion and it passed unanimously. Secretary Walser made a motion to approve Requisition #78 to Border States Electric for source transfer equipment for Hutchinson Waste Water Treatment Facility. Commissioner Wetterling seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve Requisition #229 to Border States Electric for inventory items. Secretary Walser seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #321 to Mechanical Systems Inc for upgrades to the HRSG Monitoring System and installation of the Bypass Stack Monitoring System. This requisition includes the maintenance agreement for upgrades to the CEMS System. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve Requisition #330 to Bell Lumber & Pole for replacement poles due to the April 18, 2004 storm. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve Requisition #348 to GE Aero Energy for parts and labor to replace HPC damaged blades. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve Requisition #286 and #287 to WESCO for inventory items. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion not to approve the sale of Unit 8, in Plant 1. Secretary Walser seconded the motion and it passed with 4 ayes and 1 nay (Vice President Lenz).

Secretary Walser made a motion to eliminate the position of Director of Business. Commissioner Wetterling seconded the motion and it passed unanimously.

After discussion, the Interim General Manager was given four weeks employment notification, which begins May 11, 2004. The incoming General Manager will make a decision whether an additional Business Division position will be required.

Division Updates were presented.

The Employee Recognition event date has been changed to May 21, 2004. It will take place at the Event Center.

Commissioner Torgerson made a motion to adjourn the meeting at 7:00 p.m. Commissioner Wetterling seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Minutes
Special Hutchinson Utilities Commission
May 18, 2004
7:00 p.m.

A special meeting of the Hutchinson Utilities Commission was called to order at 7:00 p.m. by President Paul Ackland.

Members Present: Paul Ackland, Marlin Torgerson, Dave Wetterling, Don Walser, and Craig Lenz

Others Present: General Manager Michael Kumm and City Attorney Marc Sebora

The severance package to be given to former Interim General Manager Patrick Spethman was discussed. The Utilities' initial severance offer had been rejected. Attorney Sebora explained that the Commission's options were increasing its offer, modifying its offer, or, in view of Mr. Spethman's attorney's letter threatening litigation, meeting in closed session. It was discussed that the Hutchinson Utilities Commission handbook, on page 19, provides that compensatory time was not to be paid out to exempt employees upon separation from employment. Accrued sick time and the provisions of the handbook that sick time be only paid out upon retirement, no more than 1/3 of any amount over 240 hours, was discussed. It was mentioned that it is the City's policy not to pay out sick time in these types of cases.

The various possible causes of action outlined in the letter from Mr. Spethman's attorney were discussed. Attorney Sebora stated that, in his opinion, the Commission had followed the appropriate steps in the process and had done nothing wrong that would give rise to liability in a lawsuit. He stated that Mr. Spethman had been informed from the beginning of the process of hiring a new General Manager, and had been informed in 2003 that he might not be hired as the General Manager. He had been given opportunity to apply and another, more qualified candidate, was chosen. Motion by Commissioner Walser to limit any severance package to payment of vacation time accrued. Second by Commissioner Wetterling. There was further discussion about Mr. Spethman having rejected what the Commission considered to be a generous offer, more than most people make in a year. The vote was called and the motion passed unanimously.

Request by the Minnesota Environmental Quality Board for a soil study along the pipeline route was discussed. Attorney Christopher Dietzen was present by telephone conference. He recommended a settlement proposal summarized as: 1) soil study costs would be capped at \$50,000.00 and property owners required to sign release of any losses from the investigation; 2) investigation would be conducted on land owned by non-settling landowners; 3) EQB would not conduct investigation on property of owners who had settled their claims effective on or after March 19, 2003; 4) after discovery of significant and material violations of the EQB permit, no further soil investigation would be conducted in 2004; 5) Commission and its consultants may observe the study and be provided with soil samples for independent analysis, but may not actively participate in the study; 6) the EQB will prepare a budget; 7) Commission does not

waive objections in the event litigation becomes necessary to resolve the differences between the parties.

Commissioner Lenz made a motion to enter into the settlement agreement with the EQB, Commissioner Torgerson seconded, the motion passed unanimously.

A motion was made to enter into closed session to consider the results of a Veteran's Preference proceeding instituted by former employee John Gornik. After closed session discussion, Commissioner Torgerson made a motion not to appeal the decision, seconded by Commissioner Wetterling, passed unanimously.

At 8:07 p.m., Mr. Torgerson made a motion to adjourn the meeting, which was seconded by Dave Wetterling. The motion passed

Regular Meeting
May 26, 2004

Members present: President Paul Ackland; Vice President Craig Lenz; Secretary Donald Walser; Commissioner David Wetterling; Commissioner Marlin Torgerson and General Manager Michael Kumm.

President Ackland called the meeting to order at 3:00 p.m.

Commissioner Torgerson made a motion to approve the minutes of the April 28, 2004 Regular Meeting. Vice President Lenz seconded the motion and it passed unanimously.

Vice President Lenz made a motion to table the minutes of the May 18, 2004 Special Meeting. Secretary Walser seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to close the meeting to discuss on-going litigation commenced against Hutchinson Utilities Commission by Nathan Smutka and to discuss on-going condemnation litigation involving pipeline owners. Vice President Lenz seconded the motion and it passed unanimously.

President Ackland reopened the meeting at 5:15 p.m.

Vice President Lenz made a motion authorizing General Manager Kumm and counsel to hire an appraiser and not to exceed \$125,000. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion authorizing General Manager Kumm and counsel to proceed with the settlement proceedings discussed in the closed session. Vice President Lenz seconded the motion and it passed unanimously.

Payment of bills was discussed and no payments are to be issued to Jomax Construction Company or to Natural Gas Consulting. Commissioner Torgerson made a motion to ratify the payment of bills in the amount of \$4,213,044.01 (detailed listing in payables book). Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve the financial statement and budget year to date. Commissioner Wetterling seconded the motion and it passed unanimously.

There was a discussion of the medical insurance plan deficit. General Manager Kumm will check on the status and history of that for further discussion.

Vice President Lenz made a motion to approve the Proposed Write-Off Accounts in the amount of \$3,358.52. Secretary Walser seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve Requisition #79 to Border States Electric for source transfer equipment for Hutchinson Waste Water Treatment Facility on Ontario Street. Secretary Walser seconded the motion and it passed unanimously.

Hutchinson Utilities representatives for Environmental Protection Agency's air emissions reporting were discussed. Commissioner Wetterling made a motion to approve having Michael Kumm be the designated representative and Donald Merkins be the alternate designated representative. Vice President Lenz seconded the motion and it passed unanimously.

Customer service work area remodeling was removed from the agenda.

Division Updates were presented. The Sunbelt transformer was discussed. Donald Merkins will check on the rebuilt transformer and possibly have the transformer stored off of Sunbelt's premises. The natural gas pipeline was discussed. The Commission will have a discussion regarding the future of the downtown plant. Staff will prepare recommendations and participate in that discussion. Staff will be presenting recommendations concerning changes in purchasing policies.

Secretary Walser made a motion authorizing President Ackland to sign the attorney fee agreement with the Larkin, Hoffman Law Firm after the General Manager receives clarification on the basis for the fees. Vice President Lenz seconded the motion and it passed unanimously.

Vice President Lenz made a motion to adjourn the meeting at 6:30 p.m. Commissioner Wetterling seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Regular Meeting
June 30, 2004

Members present: President Paul Ackland; Vice President Craig Lenz; Secretary Donald Walser; Commissioner David Wetterling; Commissioner Marlin Torgerson and General Manager Michael Kumm.

President Ackland called the meeting to order at 3:00 p.m.

Secretary Walser made a motion to approve the minutes of the May 18, 2004 Special Meeting. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the minutes of the May 26, 2004 Regular Meeting. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to ratify the payment of bills in the amount of \$2,523,832.59 (detailed listing in payables book). Commissioner Torgerson seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve the financial statement and budget year to date. Secretary Walser seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve the Letter of Agreement to Nicollet County. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve Cincinnati Insurance Company Renewal. Commissioner Torgerson seconded the motion and it passed unanimously.

No action needed to be taken on the renewal of the Insurance Planners Company.

Vice President Lenz made a motion to approve Power Supply Planning Services for Phase I with RW Beck. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion to present the proposed language changes made to the Electric & Gas Rate Booklet to the City Council. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #80 to Border States Electric for Unit 1 generator station power. Vice President Lenz seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve Requisition #554 to Forrer Supply for natural gas distribution pipe inventory. Commissioner Torgerson seconded the motion and it passed unanimously.

Division Reports were presented.

General Manager Kumm will report next month on considerations and possible changes in the medical insurance plan.

Don Merkins, Director – Production Division, will report on the Sunbelt transformer next month.

Commissioner Torgerson made a motion to adjourn at 4:20 p.m. Commissioner Wetterling seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Regular Meeting
July 28, 2004

Members present: President Paul Ackland; Vice President Craig Lenz; Secretary Donald Walser; Commissioner David Wetterling; Commissioner Marlin Torgerson and General Manager Michael Kumm.

President Ackland called the meeting to order at 3:00 p.m.

Commissioner Torgerson made a motion to approve the minutes of the June 30, 2004 Regular Meeting. Vice President Lenz seconded the motion and it passed unanimously.

Vice President Lenz made a motion to close the meeting to discuss pending litigation. Commissioner Torgerson seconded the motion and it passed unanimously.

The regular meeting was called back to order at 3:40 p.m.

Commissioner Wetterling made a motion to ratify the payment of bills in the amount of \$2,570,706.46 (detailed listing in payables book). Secretary Walser seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve the payment of \$57,445.92 to the Environmental Quality Board for expenses incurred. Secretary Walser seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve a \$50,000.00 check to the Environmental Quality Board to be put in an escrow account for soils investigation associated with the pipeline routing project. Commissioner Wetterling seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve the financial statement and budget year to date. Secretary Walser seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve the Power Agency Agreement with Lighthouse Energy Trading Company. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve the amendment to the Emergency Response Vehicle Policy permitting employees to take vehicles home when on call. It will be a Management decision regarding who will take vehicle home. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the Purchasing Policy Updates regarding increasing the General Manager's authorization level from \$5000 to \$10,000 and to approve a \$500 authorization level for Directors. A Purchasing Credit Card

Process was also approved. Commissioner Torgerson seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #579 to WESCO for the City Lift Station and the Waste Water Treatment Facility. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve Requisition #632 to GE Global Controls Services for a Water Injection Metering Valve for Unit 1 Inventory. Vice President Lenz seconded the motion and it passed unanimously.

Don Merkins will follow up on a co-op agreement with other power companies with the same generator regarding the sharing of the obligations to keep mandatory parts on hand and available in 48 hours to meet the CEMS requirements.

Division Reports were presented.

Commissioner Torgerson made a motion regarding a temporary monthly stipend for a Director to be a Management decision. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to adjourn at 5:45 p.m. Commissioner Wetterling seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Regular Meeting
August 25, 2004

Members present: President Paul Ackland; Secretary Donald Walser; Commissioner David Wetterling; Commissioner Marlin Torgerson and General Manager Michael Kumm, Attorney Marc Sebora.

President Ackland called the meeting to order at 3:00 p.m.

Commissioner Torgerson made a motion to approve the minutes of the July 28, 2004 Regular Meeting. Secretary Walser seconded the motion and it passed unanimously.

Secretary Walser made a motion to ratify the payment of bills in the amount of \$2,585,633.98 (detailed listing in payables book). Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve authorization to pursue BP's Time Diversity Model for purchasing gas. Quarterly reviews will be provided to the Commission. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the financial statement and budget year to date. Commissioner Torgerson seconded the motion and it passed unanimously. Work order completion percentages will be updated at the September Commission Meeting.

Commissioner Torgerson made a motion requesting authorization for General Manager Kumm and Attorney Dietzen to serve and file a Motion for Reconsideration, regarding the Public Utilities Commission's ability to exercise jurisdiction over the pipeline, and authorization for them appeal the decision to the Court of Appeals. Secretary Walser seconded the motion and it passed unanimously. Attorney Dietzen will facilitate a meeting with representatives from MMUA, League of MN and New Ulm to discuss their support in this effort. If there is no interest in participating, Attorney Dietzen will report back to the Commission.

Secretary Walser made a motion to authorize General Manager Kumm to make a decision to cancel Cincinnati Insurance and proceed with Insurance Planners. Commissioner Torgerson seconded the motion and it passed unanimously. Agent Borkenhagen will investigate whether HUC's claim experience is separate from the City of Hutchinson and Hutchinson Hospital. After which, the findings will be reviewed with the General Manager.

Secretary Walser made a motion to approve the Tenaska Marketing Contract. Commissioner Wetterling seconded the motion and it passed unanimously.

General Manager Kumm gave a McLeod substation update.

Commissioner Torgerson made a motion to appoint Secretary Walser and Commissioner Wetterling to a Labor Contract Extension Committee. President Ackland seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve Missouri River Energy Services (MRES) representation for OTTP-2. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to retain Key Agricultural Services for yield analysis/agronomy studies for the natural gas pipeline project. Secretary Walser seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to adjourn at 6.00 p.m. Commissioner Wetterling seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Regular Meeting
September 29, 2004

Members present: President Paul Ackland; Secretary Donald Walser; Commissioner David Wetterling; Commissioner Marlin Torgerson and General Manager Michael Kumm

President Ackland called the meeting to order at 3:00 p.m.

Secretary Walser made a motion to approve the minutes of the August 25, 2004 Regular Meeting. Commissioner Wetterling seconded the motion and it passed unanimously.

Vice President Lenz made a motion to ratify the payment of bills in the amount of \$2,330,925.57 (detailed listing in payables book). Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling nominated Craig Lenz for the position of President. Commissioner Torgerson seconded the nomination and it was accepted. Commissioner Wetterling made a motion to elect Craig Lenz to the position of President. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling nominated Donald Walser for the position of Vice President. Vice President Lenz seconded the nomination and it was accepted. Commissioner Torgerson made a motion to elect Donald Walser to the position of Vice President. Commissioner Wetterling seconded the motion and it passed unanimously.

President Ackland appointed David Wetterling as Secretary.

President Ackland appointed Marc Seboras as legal counsel.

President Ackland appointed Roberta Yates as recording/assistant secretary.

Vice President Lenz made a motion to approve the financial statement and budget year to date. Commissioner Wetterling seconded the motion and it passed unanimously. General Manager Kumm will report to the Commission regarding the increase in cost for the underground conversion project.

RW Beck will complete a detailed generation evaluation proposal by the next Commission meeting.

Commissioner Torgerson made a motion to approve inviting Missouri River Energy Services to present information, regarding their company, at the next Commission meeting. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve the labor contract. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve the changes to the Employee Handbook regarding Compensatory Time. Vice President Lenz seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve the auditors recommendations made by Paul Harvego CPA, of Conway, Deuth & Schmiesing, to eliminate the current medical insurance account deficit by: making a one time book adjustment at the end of the year, using premium funding levels to determine contribution levels, re-establish a contingency insurance reserve account and to follow the Berkley Risk Models. The motion was seconded by Vice President Lenz and it passed unanimously.

Secretary Walser made a motion to approve the sale of the Power Transformer. Commissioner Torgerson seconded the motion and it passed unanimously.

Vice President Lenz made a motion to table a decision regarding the Northern Natural Gas Letter pending an acceptable measurement agreement. Commissioner Wetterling seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #707 to Bell Lumber & Pole Company for poles for the MCBH line across Hwy 22 on Luce Line Trail. Commissioner Wetterling seconded the motion and it passed unanimously.

Vice President Lenz made a motion to approve Requisition #708 to Carrier Corporation for on going service for the chillers. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion to approve Requisition #711 to Turbine Diagnostic Services Inc for water injection tuning & troubleshooting on Unit 9 Gas Turbine. Vice President Lenz seconded the motion and it passed unanimously.

Secretary Walser made a motion to approve Requisition #760 to Wilson Flow Line Products for Station 1. Commissioner Wetterling seconded the motion and it passed unanimously.

Commissioner Wetterling made a motion that HUC participate in MISO. Commissioner Torgerson seconded the motion and it passed unanimously.

General Manager Kumm will obtain the name of Chris Dietzens replacement.

Commissioner Torgerson made a motion to adjourn at 6.00 p.m. Commissioner Wetterling seconded the motion and it passed unanimously.

Donald H. Walser, Secretary

ATTEST _____
Paul L. Ackland, President

Regular Meeting
October 27, 2004

Members present: President Craig Lenz; Vice President Donald Walser; Secretary David Wetterling; Commissioner Marlin Torgerson; Commissioner Paul Ackland
General Manager Michael Kumm; Attorney Marc Sebor

President Lenz called the meeting to order at 3:00 p.m.

Commissioner Ackland made a motion to approve the minutes of the September 29, 2004 Regular Meeting with the correction that past Vice President Lenz was present. Secretary Wetterling seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to ratify the payment of bills in the amount of \$2,572,690.50 (detailed listing in payables book). Commissioner Torgerson seconded the motion and it passed unanimously.

A motion was made by Commissioner Ackland to authorize proceeding with the RW Beck proposal. Secretary Wetterling seconded the motion and it passed unanimously.

A presentation was made by Tom Heller & Jeff Peters, from Missouri River Energy Services, regarding Joint Action Agency Membership.

Gary Plotz, Ken Merrill and Miles Seppelt, from the City of Hutchinson, made a presentation regarding Economic Development Contributions. There was discussion regarding creating a methodology/formula for the General Funds Transfer. Vice President Walser made a motion to approve the 5% increase to the General Funds Transfer. The transfer for 2005 will total \$973,500.00. Secretary Wetterling seconded the motion and it passed unanimously.

A joint meeting with HUC and the City Council was tentatively scheduled for December 20th at the Event Center.

Commissioner Ackland made a motion to approve the financial statement and budget year to date. Vice President Walser seconded the motion and it passed unanimously. Commissioner Ackland recommended that the New Ulm contribution be removed from miscellaneous income and tracked on its own.

Vice President Walser made a motion to approve the Advertisement for Bids for Electric Conductor for Stock. Commissioner Torgerson seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve option number 3 of the Northern Natural Gas Measurement Agreement pending negotiation language agreeable to both parties. Secretary Wetterling seconded the motion and it passed unanimously.

There was discussion regarding the 115kv line along the Luce Line Trail.

The Natural Gas Division will report updates each month on the Time Diversity Model for natural gas purchases.

Commissioner Ackland made a motion to approve the Pipeline Integrity Management Program Proposal. Vice President Walser seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to approve Requisition #834 to Stewart Energy for removal of the fuel oil tank at Plant 2. Secretary Wetterling seconded the motion and it passed unanimously.

Commissioner Torgerson made a motion to adjourn at 6.30 p.m. Commissioner Ackland seconded the motion and it passed unanimously.

David Wetterling, Secretary

ATTEST _____
Craig Lenz, President

Regular Meeting
November 29, 2004

Members present: President Craig Lenz; Vice President Donald Walser; Secretary David Wetterling; Commissioner Marlin Torgerson; Commissioner Paul Ackland
General Manager Michael Kumm; Attorney Marc Sebor

Vice President Walser called the meeting to order at 3:07 p.m. in the absence of President Lenz

The Hutchinson City Tree Board, represented by Mark Schnobrich – City Forester, presented a 2004 Energy Conservation Program update and requested additional funds for 2005.

Commissioner Torgerson made a motion to approve the minutes of the October 27, 2004 Regular Meeting. Commissioner Ackland seconded the motion and it passed unanimously.

Commissioner Ackland made a motion to approve the minutes of the November 15, 2004 Special Closed Meeting. Commissioner Torgerson seconded the motion and it passed unanimously.

Vice President Walser turned the meeting over to President Lenz at 3:20 pm.

Attorney Christopher Dietzen introduced his replacement, Gary Van Cleeve, who will continue to represent Hutchinson Utilities regarding pipeline issues.

Commissioner Torgerson made a motion to ratify the payment of bills in the amount of \$2,183,674.23 (detailed listing in payables book). Vice President Walser seconded the motion and it passed unanimously.

Vice President Walser made a motion to approve the financial statement and budget year to date. Secretary Wetterling seconded the motion and it passed unanimously.

Vice President Walser made a motion that Attorney Sebor begin reviewing all attorney fees before payment is made. Commissioner Torgerson seconded the motion and it passed unanimously.

Vice President Walser made a motion to nominate Commissioner Torgerson to the American Public Gas Policy Council. Commissioner Ackland seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to approve the Northern Natural Gas Measurement Agreement. Commissioner Ackland seconded the motion and it passed unanimously.

Vice President Walser made a motion to approve Requisition #889 to Quality Underground Services for Station 1 piping. Commissioner Ackland seconded the motion and it passed unanimously.

A Special Meeting to review/approve the 2005 budget will be scheduled.

Commissioner Ackland made a motion to adjourn at 4:30 p.m. Commissioner Torgerson seconded the motion and it passed unanimously.

David Wetterling, Secretary

ATTEST _____
Craig Lenz, President

Regular Meeting
December 29, 2004

Members present: President Craig Lenz; Vice President Donald Walser; Secretary David Wetterling; Commissioner Paul Ackland; General Manager Michael Kumm

President Lenz called the meeting to order at 3:00 p.m.

Vice President Walser made a motion to approve the minutes of the November 29, 2004 Regular Meeting. Commissioner Ackland seconded the motion and it passed unanimously.

Commissioner Ackland made a motion to approve the minutes of the December 20, 2004 Special Meeting. Vice President Walser seconded the motion and it passed unanimously.

Commissioner Ackland made a motion to ratify the payment of bills in the amount of \$2,165,992.06 (detailed listing in payables book). Vice President Walser seconded the motion and it passed unanimously.

Commissioner Ackland made a motion to approve the financial statement and budget year to date. Secretary Wetterling seconded the motion and it passed unanimously.

Commissioner Ackland made a motion to approve the health insurance premium increase. Secretary Wetterling seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to award the annual conductor bid to Border States Electric. Vice President Walser seconded the motion and it passed unanimously.

Vice President Walser made a motion to approve easement assignment from Great River Energy and also to delegate the responsibility of signing this and future easements to the General Manager. Commissioner Ackland seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to approve the 2005 Budget. Vice President Walser seconded the motion and it passed unanimously.

Commissioner Ackland made a motion to approve the organizational chart. Secretary Wetterling seconded the motion and it passed unanimously.

John Webster, Director of the Natural Gas Division, recognized Sue Winter and Jan Sifferath for the assistance they provided in getting the Natural Gas Public Awareness pamphlets mailed.

Commissioner Ackland made a motion to end General Manager Kumm's 9 month probation period as of December 29, 2004. Secretary Wetterling seconded the motion

and it passed unanimously. It was noted that the Commissioners were pleased with General Manager Kumm's performance.

Commissioner Ackland made a motion to approve a 5% pay increase, effective January 1, 2005, for General Manager Kumm. Vice President Walser seconded the motion and it passed unanimously.

Commissioner Ackland made a motion to adjourn at 4:17 p.m. Vice President Walser seconded the motion and it passed unanimously.

David Wetterling, Secretary

ATTEST _____
Craig Lenz, President