

Joint HUC/City Council Meeting

January 9, 2007

Members present: President Craig Lenz; Vice President Don Walser; Secretary David Wetterling; Commissioner Dwight Bordson; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebora.

City Council members present: Steve Cook, Bill Arndt, and Jim Haugen. (see minutes of January 31, 2007.)

President Lenz called the meeting to order at 4:00 pm.

GM Kumm presented advertisement for bids for service truck replacement of unit 643. This is a budgeted item but because it's over \$50,000 it needs commission approval. Secretary Wetterling made a motion to approve the advertisement for bids for service truck replacement of unit 643. Vice President Walser seconded the motion and it passed unanimously.

Discussion took place regarding combining HUC electric/gas billing with the City gas/water/sewer billing, with the possibility of this coming to fruition in 2009. Also discussed was the plausibility of installing natural gas lines to serve customers outside the city limits of Hutchinson.

GM Kumm presented the operational and financial benchmarks for HUC, with emphasis on SAIFI (number of times a customer is without power), SAIDI (length of time the customer is without power), and CAIDI (length of the outage) and the measures in place to improve reliability.

Discussions were held on:

Alternative energy	Natural gas pipeline litigation & condemnation
Tree Power Program	Natural gas purchase program
Highway 7 Project	Big Stone II
CIP Program	Underground conversions

Commissioner Hantge made a motion to adjourn the meeting at 5:22 p.m. Secretary Wetterling seconded the motion and it passed unanimously.

Secretary,

ATTEST _____
President,

Regular Meeting

January 31, 2007

Members present: Vice President Don Walser; Secretary David Wetterling; Commissioner Dwight Bordson; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebor.

Member absent: President Craig Lenz

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

Attorney Sebor conducted the swearing-in of Robert Hantge as the newest member of the Hutchinson Utilities Commission Board.

Vice President Walser called for the Commission reorganization.

Secretary Wetterling made a motion to nominate Donald Walser for the position of President. Vice President Walser relinquished his chairmanship to Secretary Wetterling to conduct the reorganization for the position of president. Commissioner Hantge seconded the motion to nominate Donald Walser as President and it passed unanimously. Vice President Walser resumed the chairmanship of the board.

Commissioner Hantge made a motion to nominate David Wetterling for the position of Vice President. Commissioner Bordson seconded the motion and it passed unanimously.

Vice President Walser appointed Dwight Bordson as secretary.

Vice President Walser appointed Marc Sebor as legal counsel.

Vice President Walser appointed Lin Madson as recording secretary.

Vice President Walser appointed Citizens Bank and Wells Fargo as depositories for utility funds.

Secretary Wetterling made a motion to approve the minutes of the December 22, 2006 regular meeting. Commissioner Bordson seconded the motion and it passed unanimously.

Vice President Walser asked to make a change to the minutes of the January 9, 2007 joint meeting by including the council members who were present. Secretary Wetterling made a motion to approve the minutes of the January 9, 2007 joint HUC/City Council meeting, noting the added change. Commissioner Hantge seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to ratify the payment of bills in the amount of

\$3,581,789.72 (detailed listing in payable book). Commissioner Bordson seconded the motion and it passed unanimously.

Commissioner Bordson made a motion to approve financial statements/budget year to date. Secretary Wetterling seconded the motion and it passed unanimously.

Brenda Ewing, Human Resources, presented the RFP for job evaluation and compensation system. Commissioner Bordson made a motion to approve the request for proposal for job evaluation and compensation system. Secretary Wetterling seconded the motion and it passed unanimously.

GM Kumm presented the agreement with RW Beck to conduct a feasibility study for biomass. City Administrator Gary Plotz asked if we could delay this study for 30 days to give City Council members a chance to be in the discussion with us so they can partner on the project. After discussion, the engineer agreement with RW Beck to conduct feasibility study for biomass project was tabled until the March Commissioners meeting. Vice President Walser appointed GM Kumm and David Wetterling to head a committee to start discussions with City.

GM Kumm discussed with the board the various sinking funds on the balance sheet and the possibility of investing funds where HUC could get the best returns. GM Kumm will present an investment policy to the board for approval at the March meeting.

GM Kumm presented to the board a proposed media release in an effort to assist MMUA's legislative program regarding renewable energy. Secretary Wetterling made a motion to approve the legislative proposal media release with the addition that HUC takes the same position as MMUA. Commissioner Bordson seconded the motion and it passed unanimously.

Dave Hunstad asked for a call for bids for an underground conversion contractor. He'd like to make it a two year contract. Secretary Wetterling made a motion to approve an advertisement for bids for underground conversion contractor. Commissioner Hantge seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to approve bid tabulation to Quality Underground Services for the installation and retirement of natural gas distribution lines. Commissioner Bordson seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to approve bid tabulation to ABM Equipment & Supply for service truck replacement of unit 643. Commissioner Bordson seconded the motion and it passed unanimously.

Commissioner Bordson made a motion to approve requisition #002238 to Century Fence Company: furnish and installation of fencing. Secretary Wetterling seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to approve requisition #002351 to Trencher Plus for pot hole machine. Commissioner Bordson seconded the motion and it passed unanimously.

Commissioner Hantge made a motion to approve requisition #002360 to Turbine Control Services, Inc for spare parts for unit 8. Secretary Wetterling seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to approve requisition #002375 to Nelson GMC for a 2007 GMC Savana cargo van. Commissioner Bordson seconded the motion and it passed unanimously.

Commissioner Bordson made a motion to approve requisition #002387 to RDO Equipment for a hydraulic breaker. Commissioner Hantge seconded the motion and it passed unanimously.

Commissioner Hantge made a motion to approve requisition #002400 to Elk River Dodge for a 2008 Ford F-350 Cab & Chassis. Commissioner Bordson seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to approve requisition #002402 to Mid-Kansas Cylinder Head, Inc. to weld-repair cylinder head for unit 4. Commissioner Bordson seconded the motion and it passed unanimously.

Commissioner Hantge made a motion to approve requisition #002403 to Mid-Continent Sales for recondition cylinder liners for unit 4. Secretary Wetterling seconded the motion and it passed unanimously.

Commissioner Bordson made a motion to approve requisition #002406 to Wentz Associates, Inc. for engineering services for centrifugal chiller project - plant no. 2. Secretary Wetterling seconded the motion and it passed unanimously.

Secretary Wetterling made a motion to rescind motion to change regular commission meeting date to the first Wednesday of the month and to change back to the last Wednesday of the month. Commissioner Bordson seconded the motion and it passed unanimously.

Division reports

Gas – John Webster

- The balance in the decompaction fund is \$158,417 and it will be distributed back to the landowners.
- At the last condemnation hearing, owner never showed up.
- Pipe arriving Feb. 1st for the Highway 7 project.

Business – Jan Sifferath

- Report handed out for the conclusion of the 2006 CIP program.
- Auditors are here.
- Claims of \$305,000 expected in the self-insurance medical plan.
- Jason Sturges accepted position of inventory agent.

Electric – Steve Lancaster

- Interviewing for lineman position
- Will be contacting architects
- Taking unit 4 apart
- Working with OSHA

Legal update:

None

Old Business:

None

New Business:

None

GM Kumm reported on the following:

- Per Craig Lenz, Steve Cook has invited the commissioners to attend a Governance meeting.
- APPA Legislative Rally in Washington DC in March.
- MMUA Policy Makers workshop in Minneapolis in April.
- Attending MMUA meeting on joint action agency for gas systems.
- MRES helping with base load from July 2008 – 2009.
- Xcel to buy capacity from us.
- MRES meeting to become transmission owner of MISO for 2009.

Commissioner Bordson made a motion to adjourn the meeting at 5:08 p.m. Secretary Wetterling seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST

Donald Walser, President,

Regular Meeting

February 28, 2007

Members present: President Donald Walser; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebor.

Member absent: Vice President David Wetterling

President Walser called the meeting to order at 3:00 pm.

Commissioner Hantge made a motion to approve the minutes of the January 31, 2007 Regular Meeting. Secretary Bordson seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to ratify the payment of bills in the amount of \$3,971,932.53 (detailed listing in payable book). Secretary Bordson seconded the motion and it passed unanimously.

GM Kumm discussed the plans for developing an investment policy for HUC funds. Commissioner Lenz made a motion to approve financial statements/budget year to date. Secretary Bordson seconded the motion and it passed unanimously.

GM Kumm presented R. W. Beck's Feasibility Study for the biomass project. Commissioner Hantge reported on the decision of the committee that met on February 22, 2007. It's the consensus of the committee to approve Task 1: Characterize Biomass Feedstocks. After discussion Commissioner Hantge made a motion to approve engineer Agreement with R. W. Beck to conduct feasibility study for biomass project (tabled from January 31, 2007), task 1 at a cost estimate of \$3,250. Commissioner Lenz seconded the motion and it passed unanimously.

Brenda Ewing presented the job evaluation and compensation study. Five firms submitted proposals. Based on cost, timeline and experience, it is the recommendation of staff to award the study to Laumeyer and Associates. Commissioner Lenz made a motion to award job evaluation and compensation study to Laumeyer and Associates. Secretary Bordson seconded the motion and it passed unanimously.

Dan Lang presented the capacity sale contract. We have 20 megawatts for sale in 2007 and Xcel has entered into a contract with us to buy that capacity. Commissioner Lenz made a motion to approve capacity sale contract. Secretary Bordson seconded the motion and it passed unanimously.

GM presented the contract with Medica Insurance Company. The contract has been approved; asking for authorization to sign it. Commissioner Hantge made a motion authorizing staff to sign and approve contract with Medica Insurance Company. Commissioner Lenz seconded the motion and it passed unanimously.

Jan Sifferath presented the contract with Cintas. They supply uniforms with OSHA required fire retardant material. They also launder the uniforms according to OSHA standards. Two other suppliers were contacted to submit bids but neither returned phone calls or proposals. This will be a 5-year contract with Cintas. Commissioner Lenz made a motion to approve contract with Cintas. Commissioner Hantge seconded the motion and it passed unanimously.

Commissioner Hantge made a motion to approve requisition #002448 to Arjay Automation for an electric meter tester. Secretary Bordson seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to approve requisition #002464 to Crysteel Truck Equipment for utility/service body. Secretary Bordson seconded the motion and it passed unanimously.

Secretary Bordson made a motion to approve requisition #002466 to GE Aeroderivative & Package Services for generator inspection and trim balance. Commissioner Lenz seconded the motion and it passed unanimously.

GM Kumm discussed the organization of Municipal Gas Agency. At the March meeting representatives from MMUA will be here to discuss the value of this joint action agency.

Division reports

Business – Jan Sifferath

- Rebate program starts March 1, 2007
- HUC had a spot at the Home & Garden Show
- Jon Guthmiller attended a CIP seminar to qualify for home energy audits-part 1. Part 2 will be in May.
- Inventory is moving along – software installed and tested

Electric – Steve Lancaster

- New lineman starts next Monday
- Held the 2nd annual safety & trade show – huge success
- Will meet with city personnel regarding the architect for downtown plant

Gas – John Webster

- Offer of employment extended today for gas welder/serviceperson
- Contractor damaged gas line – litigation possible

GM Kumm handed out a comparison of monthly residential bills – 800 KWH. Of eleven communities, Hutchinson falls in the middle.

Legal report

None

Old Business

Discussed budget payment plans for commercial customers. No action was taken.

President Walser appointed David Wetterling and Dwight Bordson to serve as committee members for labor relation negotiations.

Jan Sifferath mentioned the CIP duplications report.

New Business

Discussed MAPP splitting because of reliability actions and the possibility of MAPP being absolved eventually.

Secretary Bordson made a motion to adjourn the meeting at 4:14 p.m. Commissioner Hantge seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST _____
Donald Walser, President

Regular Meeting

March 28, 2007

Members present: President Donald Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm

Member absent: Attorney Marc Sebor

President Walser called the meeting to order at 3:00 pm.

Commissioner Lenz made a motion to approve the minutes of the February 28, 2007 Regular Meeting. Secretary Bordson seconded the motion and it passed unanimously.

After discussion Vice President Wetterling made a motion to ratify the payment of bills in the amount of \$3,617,376.30 (detailed listing in payable book). Secretary Bordson seconded the motion and it passed unanimously.

General Manager Kumm presented the financial statements/budget year-to-date reports. Commissioner Lenz made a motion to approve financial statements/budget year to date. Vice President Wetterling seconded the motion and it passed unanimously.

Paul Harvego of Conway, Deuth & Schmiesing, PLLP, presented the 2006 audit. Mr. Harvego was very pleased with the result of the audit and commended HUC staff for the increased assets and for the steps that are being taken to correct smaller issues. Vice President Wetterling made a motion to approve the 2006 audit. Commissioner Hantge seconded the motion and it passed unanimously.

Anthony Hedlof of Minnesota Municipal Utilities Association presented the MMUA joint action agency to accommodate pre-pay. Mr. Hedlof gave an overview of the plan as well as the advantages with there being little risk, while the rewards being plentiful. He explained the agency structure and the membership structure with Hutchinson being one of seven cities as core members of the plan. And being a charter member, Hutchinson will also be on the board and will have voting rights.

Mr. Hedlof also gave an overview of the prepayment plan. He explained how Midwest Consortium of Municipal Utilities (MCMU) will structure the plan and the savings involved. After further discussion, Vice President Wetterling made a motion to authorize staff to take appropriate steps to create Minnesota Municipal Gas Agency. Commissioner Lenz seconded the motion and it passed unanimously.

GM Kumm presented an old weather policy. This is a clean-up item and it has been included in the updated employee handbook. Commissioner Lenz made a motion to

rescind the old weather policy. Secretary Bordson seconded the motion and it passed unanimously.

GM Kumm presented an old hardhats and safety glasses policy. This is also a clean-up item and it is now part of the combined safety and health program. Vice President Wetterling made a motion to rescind the old hardhats and safety glasses policy. Commissioner Lenz seconded the motion and it passed unanimously.

GM Kumm presented a revised fixed asset capitalization policy. The depreciation method was not in line with our audit and we do follow the depreciation method in our audit, so this needed to be revised. Commissioner Hantge made a motion to approve the revised fixed asset capitalization policy. Vice President Wetterling seconded the motion and it passed unanimously.

GM Kumm presented the professional services agreement with MRES to study MISO transmission ownership. This is a planned study and we need to be a transmission owner before Big Stone II comes on line. Commissioner Lenz made a motion to approve professional services agreement with MRES to study MISO transmission ownership, not to exceed \$25,000. Secretary Bordson seconded the motion and it passed unanimously.

As we had no report from RW Beck, Commissioner Lenz made a motion to table the report on Biomass Energy. Vice President Wetterling seconded the motion and it passed unanimously.

GM presented the McLeod substation cost allocation agreement with Glencoe. After discussion a motion was made by Commissioner Lenz to approve the McLeod substation cost allocation agreement with Glencoe, with the following changes: add language to the section on Municipal Utilities Services and Cost Responsibility giving a time frame of 90 days to pay their share of the expenses; and in the section on Notices, add 'General' in front of the words manager for both Hutchinson Utilities Commission and Glencoe Light and Power Commission. Secretary Bordson seconded the motion and it passed unanimously.

Steve Lancaster presented the bid tabulation for directional drilling contractor for 2007 – 2008. After discussion Secretary Bordson made a motion to approve the bid tabulation to Stiele Construction for directional drilling contractor for 2007-2008. Commissioner Lenz seconded the motion and it passed unanimously.

Division reports

Electric – Steve Lancaster

- General Electric will be here next week to fix vibration problem on Unit 1
- We have been generating for the last two weeks

Business – Jan Sifferath

- CIP update: 2/3 of the money has been used for commercial; \$31,000 left for residential
- All interviews for the compensation study have been completed
- Cross training to learn Bev Popp's job and Sue Winter's job – Jason Sturges and Roberta Yates working together developing new procedures for inventory/purchasing

Gas – John Webster

- CAER (Community Awareness Emergency Response) meeting held – good attendance
- Damage Prevention meeting last week – good attendance also
- MNOPS was out to do their inspection – was scheduled for three days – she was able to do it in one day because of the cooperation of the gas crew as a whole
- Handed out rate comparison for residential, commercial and industrial

Discussion took place regarding contractors hitting our electric lines or natural gas pipelines, and the likelihood of changing our policy to pursue litigation. Management will discuss this and meet with Attorney Sebora.

Old Business:

Investment Policy – Do not have anything on this yet

Base Load Contract - After discussion Commissioner Lenz made a motion authorizing General Manager Kumm to negotiate a base load contract on behalf of HUC. Vice President Wetterling seconded the motion and it passed unanimously.

Sinking Funds on Balance Sheet – this is complete

President Walser had questions on the audit regarding the law suit with Jo-Max. It was decided to wait until the final two parcels on the pipeline are settled before we settle with Jo-Max.

Discussion was held regarding the benefit study when the compensation study was performed. It would cost an extra \$5,000 to do the benefit study through Laumeyer, but for now all we need is the compensation study going into the labor negotiations. We can do a benefit study later.

Discussion was held regarding the Commissioners attending outside meetings and being reimbursed for expenses. Some meetings are coming they'd like to attend and they will be reimbursed for their expenses.

New Business:

Vice President Wetterling was contacted by a contractor who complemented Dave Hunstad, Manager-Electric Division, for his cooperation and the good job he's doing in the electric division, compared to what it once was.

GM Kumm talked about transportation on the pipeline. After discussion, Commissioner Hangte made a motion authorizing management to negotiate and provide quotes for transportation on the pipeline, subject to Commission approval. Commissioner Lenz seconded the motion and it passed unanimously.

There being no further business, Vice President Wetterling made a motion to adjourn the meeting at 5:37 p.m. Commissioner Lenz seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST _____
Donald Walser, President

Special Meeting

April 6, 2007

Members present: President Donald Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Mike Kumm; Clean Water Action, Program Coordinator Tore Simonsen; Terry Davis

Member absent: Attorney Marc Sebor

Dave Wetterling made a motion to forward a resolution like resolution 1001 and recommend to City Council they adopt the same. Dwight Bordson seconded the motion and it passed unanimously.

Dave Wetterling made a motion that the City of Hutchinson adopts the amended Resolution 1001. Dwight Bordson seconded the motion and it passed unanimously.

Vice President Wetterling made a motion to adjourn the meeting at 9:20 a.m. Commissioner Hantge seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST _____
Donald Walser, President

Regular Meeting

April 25, 2007

Members present: President Donald H. Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebor.

President Walser called the meeting to order at 3:00 pm.

Vice President Wetterling made a motion to approve the minutes of the March 28, 2007, Regular Meeting. Commissioner Lenz seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to approve the minutes of the April 6, 2007, Special Meeting. Secretary Bordson seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to ratify the payment of bills in the amount of \$4,366,901.14 (detailed listing in payable book). Vice President Wetterling seconded the motion and it passed unanimously.

GM Kumm presented the financial statements/budget year-to-date. After discussion Vice President Wetterling made a motion to approve the financial statements/budget year to date. Secretary Bordson seconded the motion and it passed unanimously.

President Walser welcomed Miles Seppelt, Economic Developer for the City of Hutchinson. Mr. Seppelt gave a presentation on behalf of Warrior Manufacturing and was asking the Board to lower the required meter deposit for Warrior to establish a new commercial account in Hutchinson. After discussion, it was determined that the language in the Policies and Requirements Booklet should be made more clear. No action was taken and the deposit amount quoted by HUC will stand as it is.

General Manager Kumm reported on the RW Beck feasibility review for potential biomass energy recovery project, which was tabled from the March 28, 2007 regular meeting. There is a significant quantity of biomass feedstock, but because the status of the industry is less developed than desired, there are no performance guarantees or even guaranteed costs to be considered in the project. It was decided the project be concluded for this year, giving technology a chance to catch up.

Jan Sifferath presented the joint & cooperative agreement with LOGIS. This is an agreement that would allow HUC to become members with LOGIS. LOGIS is a consortium of 37 local government entities where they provide the network and computer support for these entities. LOGIS will work with the billing software firm (AUS) to provide us the same billing software (CIS Infinity) as the City is currently using. This is a new utility billing system that the City uses also and we would like to become members. Ken Merrill, Finance Director for the City, explained the financial benefits of the agreement while Tom Kloss, Information Services Director, explained the

technology side of the agreement. After discussion Commissioner Lenz made a motion to approve the joint and cooperative agreement with LOGIS. Secretary Bordson seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to approve call for bids for 1500 ton packaged hermetic centrifugal liquid chiller. Commissioner Hantge seconded the motion and it passed unanimously.

Commissioner Hantge made a motion to approve requisition #002537 for Mini Excavator from St. Joseph Equipment. Secretary Bordson seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to approve requisition #002544 for padmounted transformers from RESCO. Secretary Bordson seconded the motion and it passed unanimously.

GM Kumm and Dan Lang, HUC Technical Service Manager, asked for authorization for staff to execute an electric base load contract. After discussion Commissioner Lenz made a motion approving authorization for staff to execute an electric base load contract with CMMPA. Commissioner Hantge seconded the motion and it passed unanimously.

Division reports

Business – Jan Sifferath

- Fencing is scheduled to start on Monday
- Questionnaire being distributed to employees regarding HSA's
- Insurance deficit, as of today, is approximately \$290,000

Electric – Steve Lancaster

- Combined cycle engine checks complete

Gas – John Webster

- Meetings with New Vision Coop are moving along
- Condemnation hearing was held – should hear something on settlement by next Friday

Legal update

Attorney Sebor reported on a reimbursement we're seeking for damages done to our property and if we don't receive it we need to work on collecting it.

Special consideration might be given as far as the City ordinance reads regarding New Vision Coop being a retail customer of ours and being outside the City limits.

Old Business

Special Meeting, May 8, 2007 – MN Municipal Gas Agency. Also added to the agenda will be the results of the compensation study.

New Business

Recognition Banquet – We will have a ‘Holiday/Recognition Party’ in December

Transportation Contract – Possibility for HUC to provide transportation of natural gas

There being no further business, Commissioner Lenz made a motion to adjourn the meeting at 4:20 p.m. Secretary Bordson seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President

Special Meeting

Public Hearing

May 8, 2007

Members present: President Donald Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebor.

President Walser called the Public Hearing to order at 9:00 a.m.

General Manager Kumm presented Resolution 1002, Approving and Authorizing Execution of the Minnesota Municipal Gas Agency Agreement. President Walser welcomed Mayor Steve Cook to the meeting. Mayor Cook was asking for clarification of the agreement. GM Kumm cautioned the Commission on the precarious nature of the ethanol industry, in that, until the plant is constructed and the gas is flowing, we should not forecast the receipt of payment for services and commodity provided. GM Kumm explained the benefits of bringing savings back in the cost of dollars for the rate payers. After further discussion Commissioner Hantge made a motion to close the public hearing. Secretary Bordson seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to approve Resolution 1002, Approving and Authorizing Execution of the Minnesota Municipal Gas Agency Agreement. Secretary Bordson seconded the motion and it passed unanimously. Attorney Sebor will forward a like resolution to City Council to adopt the same.

GM Kumm presented three agreements with New Vision Cooperative, for discussion purposes only:

- Interconnect Agreement – build an interconnection between our natural gas pipeline and New Vision's natural gas pipeline
- Transportation Capacity Agreement – provide firm transportation capacity
- Commodity Agreement – provide firm gas and transportation to the St. James Meter Station

New Vision Cooperative would become a retail customer of HUC necessitating a change in the City Ordinance to provide service outside the city limits. Attorney Sebor will present ordinance changes to the City Council for approval.

Commissioner Lenz made a motion to move into closed session at 9:33 a.m. Vice President Wetterling seconded the motion and it passed unanimously.

Those in attendance for the closed meeting are:

President Walser, Vice President Wetterling, Secretary Bordson, Commissioner Lenz, Commissioner Hantge, Attorney Sebor, General Manager Kumm, Recording Secretary Lin Madson, Human Resource Director Brenda Ewing, Attorney Susan Hansen with the

Law Offices of Frank Madden & Associates, and Wayne Brede from Laumeyer & Associates.

Vice President Wetterling made a motion to move from closed session back to open session at 10:38 a.m. Commissioner Lenz seconded the motion and it passed unanimously.

There being no further business, Commissioner Lenz made a motion to adjourn the special meeting at 10:40 a.m.

Vice President Wetterling seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President

Regular Meeting

May 30, 2007

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

Commissioner Lenz made a motion to move into closed session. Commissioner Hantge seconded the motion and it passed unanimously.

Members present for litigation proceedings: President Donald H. Walser; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebor; Director Natural Gas Division John Webster, Recording Secretary Lin Madson; Dustan Cross with Gislason and Hunter LLP.

Members absent: Vice President David Wetterling; Secretary Dwight Bordson

Members present for the compensation study: President Donald H. Walser, Vice President David Wetterling arriving at 3:20 p.m.; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebor; Manager Business Division Jan Sifferath; Recording Secretary Lin Madson; Human Resource Director Brenda Ewing; Wayne Brede with Laumeyer & Associates; Susan Hansen with Madden Law Office via telephone conferencing.

Member absent: Secretary Dwight Bordson

Commissioner Lenz made a motion to move from closed session back to open session at 3:45 p.m. Commissioner Hantge seconded the motion and it passed unanimously.

Commissioner Hantge made a motion to approve the minutes of the April 25, 2007 Regular Meeting. Vice President Wetterling seconded the motion and it passed unanimously.

Commissioner Hantge made a motion to approve the minutes of the May 8, 2007 Special Meeting. Commissioner Lenz seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to ratify the payment of bills in the amount of \$3,690,108.67 (detailed listing in payable book). Vice President Wetterling seconded the motion and it passed unanimously.

GM Kumm presented the financial statements/budget year-to-date. In June GM Kumm will update the board with a mid-year report on the work orders. Commissioner Lenz made a motion to approve financial statements/budget year to date. Vice President Wetterling seconded the motion and it passed unanimously.

GM Kumm presented resolution 1003 Mutual Aid Assistance. This will qualify HUC to receive FEMA reimbursement of mutual aid costs through MMUA. Commissioner Lenz

made a motion to approve resolution 1003 Mutual Aid Assistance. Vice President Wetterling seconded the motion and it passed unanimously.

GM Kumm explained that the purchase power agreement has been an on-again off-again agreement. Staff has been granted authorization to negotiate a contract. We will keep pursuing it and update the board throughout the negotiations.

Attorney Seborra said that HUC can provide natural gas services outside the city limits according to the City Charter. On August 25, 1996, HUC adopted Resolution #151 declaring said commission will not provide new natural gas services outside the Hutchinson city limits after August 26, 1996. After discussion, Vice President Wetterling made a motion to rescind Resolution #151. Commissioner Lenz seconded the motion and it passed unanimously.

John Webster presented three natural gas agreements with New Vision Cooperative. Attorneys have reviewed these agreements and changes have been made where necessary. Commissioner Lenz made a motion to approve the Interconnect Agreement recognizing modifications by staff. Vice President Wetterling seconded the motion and it passed unanimously. Commissioner Lenz made a motion to approve the Natural Gas Firm Transportation Capacity Agreement recognizing modifications by staff. Vice President Wetterling seconded the motion and it passed unanimously. Commissioner Lenz made a motion to approve the Commodity Agreement recognizing modifications by staff, and adding language for late payment fees to paragraph 9. Vice President Wetterling seconded the motion and it passed unanimously.

GM Kumm presented the NERC compliance agreement. This agreement defines the responsibilities for compliance with mandatory reliability standards. The eight communities involved will be complying in the same way. Vice President Wetterling made a motion to approve the NERC Compliance Agreement. Commissioner Lenz seconded the motion and it passed unanimously.

Steve Lancaster presented requisition 002580. This a carry-over from 2006 and has been completed. Commissioner Lenz made a motion to approve requisition #002580 for labor and materials to finish heat trace monitoring system at plant 2 from Egan Company. Commissioner Hantge seconded the motion and it passed unanimously.

John Webster presented requisition 002593. Our natural gas main was hit during the construction of a new church on School Road. Because HUC is not equipped to handle 6" pipe, we had to hire someone to repair it. We will seek reimbursement for the repairs, labor and etc. Commissioner Hantge made a motion to approve requisition #002593 for the repair of 6" steel distribution main from Michels Pipeline Construction. Vice President Wetterling seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to approve the bid tabulation for 1500 ton packaged hermetic centrifugal liquid chiller from Minnesota Air. Commissioner Hantge seconded the motion and it passed unanimously.

GM Kumm presented changes to the residential deposit section of the policies and requirements booklet. Other modifications and changes to the section were discussed. At the June meeting we will ask for approval to the residential as well as the commercial/industrial deposit sections, and for approval of the application for utility service form.

Steve Lancaster presented the advertisement for bids for 3750 KVA transformer. This is an inventory item serving as a back-up for outages, or for bigger commercial industries being constructed in Hutchinson as well as a back-up for Warrior Manufacturing. Commissioner Hantge made a motion to approve the advertisement for bids for 3750 KVA transformer. Vice President Wetterling seconded the motion and it passed unanimously.

Division reports

Electric – Steve Lancaster

- We have been generating
- Commendation was extended by Commissioner Hantge for the respectfulness shown by the crews during an outage in the Lewis Ave area.

Business – Jan Sifferath

- Health insurance claims should be reaching an end
- Medica plan is doing well
- Working on CF building
- Discussed a ‘hold harmless’ agreement for contractors using our fenced-in areas

Gas – John Webster

- Working on cathodic protection – HTI and Ridgewater College shorted out their fuel lines
- Possibility of transporting natural gas to Buffalo Lake ethanol plant
- Working with electric department on a program for a pandemic flu outbreak

Commissioner Lenz asked if the Commissioner’s could be notified whenever there are outages or gas line hits.

Legal Update

Attorney Sebora is working on a procedure for our bankrupt accounts. Delinquent accounts could be submitted to City Council for putting a lien on customer’s property tax.

Old Business

- a. Commercial deposits will be presented with residential deposits in June for approval.
- b. Transmission Owner Membership in MRES will come before the board in

- August.
- c. First board meeting for MN Municipal Gas Agency will be the third week in June.

New Business

Commissioner Hangte had questions on the shared driveway at Plant 1 and asked for an explanation on Northern Border liability insurance. He also mentioned that Mayor Cook asked for information on what HUC is doing on wind generation. GM Kumm explained that this will be an agenda item in June for discussion.

Commissioner Lenz asked for an explanation of the PUC's concern with our Powerstat system. He also asked for a copy of the ordinance passed by City Council on wind generation.

There being no further business, Commissioner Lenz made a motion to adjourn the meeting at 5:10 p.m. Vice President Wetterling seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President

Regular Meeting

June 27, 2007

Members present: President Donald H. Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebor.

President Walser called the meeting to order at 3:00 pm.

Vice President Wetterling made a motion to approve the minutes of the May 30, 2007 Regular Meeting. Secretary Bordson seconded the motion and it passed unanimously.

Vice President Wetterling made a motion to move into closed session to discuss union negotiations (see July 25, 2007 minutes) at 3:03 p.m. Commissioner Lenz seconded the motion and it passed unanimously.

Members present for closed session: President Donald H. Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; Attorney Marc Sebor; General Manager Michael Kumm; Recording Secretary Lin Madson.

Commissioner Lenz made a motion to move from closed session back to open session at 3:30 p.m. Vice President Wetterling seconded the motion and it passed unanimously.

Commissioner Lenz made a motion to ratify the payment of bills in the amount of \$3,608,731.52 (detailed listing in payable book). Vice President Wetterling seconded the motion and it passed unanimously.

Commissioner Hantge made a motion to approve financial statements/budget year to date. Commissioner Bordson seconded the motion and it passed unanimously.

No action was taken on the residential deposits section of the policies and requirements booklet. Changes were noted and this will come back to the board for approval at the July meeting.

No action was taken on the commercial/industrial deposits section of the policies and requirements booklet. Changes were noted and this will come back to the board for approval at the July meeting.

Discussion was held on the powerstat payment billing system in the policies and requirements booklet. Changes were noted and this will come back to the board for approval at the July meeting.

Discussion was held on renewable energy. General Manager Kumm presented a letter to Missouri River Energy Services asking them to collaborate with HUC in developing

renewable energy strategies. Vice President Wetterling made a motion to send the letter of June 27, 2007 to Missouri River Energy Services. Commissioner Hantge seconded the motion and it passed unanimously. It was further decided that a copy of the letter will be sent to each City Council member, the Mayor, and the City Administrator.

GM Kumm presented the request for proposal to Minnesota Energy. Commissioner Hantge made a motion granting authorization for staff to restrict negotiations to proposal number one to provide firm transportation service on the HUC pipeline to a proposed Interconnect Station to be located near State Highway 212. Vice President Wetterling seconded the motion and it passed unanimously.

GM Kumm explained the stabilization of wholesale power costs. If HUC 'unbundles' the electric wholesale, any profit in generation goes directly to HUC. If HUC 'bundles' the electric wholesale, any profit is applied to customers billing and the bills are reduced, thus benefiting the customer. The result would be stable rates and our customers are entitled to the savings. Commissioner Lenz made a motion authorizing staff to bundle electric wholesale. Vice President Wetterling seconded the motion and it passed unanimously.

Attorney Sebor informed the board that a council member has mentioned the idea of selling Hutchinson Utilities. No direction was offered by the Utility Commissioners.

GM Kumm presented the proposal for architectural improvements at the power plant. Commissioner Hantge made a motion authorizing staff to negotiate proposal with changes mentioned in referencing HUC instead of referencing City of Hutchinson. Commissioner Lenz seconded the motion and it passed unanimously.

GM Kumm discussed HUC's mid-year progress report.

GM Kumm presented a draft of a purchase power contract. Dan Lange explained that it's similar to what we have now. The price is better and it will be good for HUC.

Division reports

Electric None

Gas – John Webster

- Met with attorneys regarding the McCormick hearings

Business None

Unfinished Business

We have been generating

New Business

Amendment to Drug and Alcohol Policy:

This has come up as a result of the contract negotiations – it should be in the personnel handbook; not the Drug and Alcohol policy

Customer Credit Card Payments:

This will come back to the board at the July meeting.

Commissioner Lenz made a motion to adjourn the meeting at 5:12 p.m. Vice President Wetterling seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President

Regular Meeting

July 25, 2007

Members present: President Donald H. Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Robert Hantge; General Manager Michael Kumm.

Members absent: Commissioner Craig Lenz; Attorney Marc Sebor

President Walser called the meeting to order at 3:00 pm.

After discussion Commissioner Hantge made a motion to approve the minutes of the June 27, 2007 Regular Meeting with changes to the fourth paragraph, first sentence: "Vice President Wetterling made a motion to move into closed session to discuss union negotiations at 3:30 p.m." Commissioner Bordson seconded the motion and it passed unanimously.

After discussion Commissioner Bordson made a motion to ratify the payment of bills in the amount of \$3,469,448.85 (detailed listing in payable book). Vice President Wetterling seconded the motion and it passed unanimously.

After discussion Vice President Wetterling made a motion to approve the financial statements/budget year to date. Commissioner Bordson seconded the motion and it passed unanimously.

After discussion Commissioner Hantge made a motion to approve the changes to the residential deposits section of the policies and requirements booklet subject to two requested changes. Vice President Wetterling seconded the motion and it passed unanimously.

After discussion Commissioner Hantge made a motion to approve the changes to the commercial/industrial deposit section of the policies and requirements booklet subject to the same two requested changes as mentioned in the residential section. Commissioner Bordson seconded the motion and it passed unanimously.

Vice President Wetterling made a motion to approve the changes to the powerstat payment billing system of the policies and requirements booklet. Commissioner Bordson seconded the motion and it passed unanimously.

A change to portions of the electric services section of the policies and requirements booklet was presented for approval. The Minnesota Department of Labor has implemented on-line forms for electrical inspections. In keeping within the requirements of electrical inspections, a change in wording only was made to our policies and requirements booklet; we still require a copy of the certificate on file before making the final connection. Commissioner Hantge made a motion to approve changes to portions

of the electric services section of the policies and requirements booklet. Vice President Wetterling seconded the motion and it passed unanimously.

Steve Lancaster presented the bid tab for approval. This is a spare transformer to be in inventory. There are a few businesses that require this size of transformer, and because of the lead time, having a spare one in inventory would benefit the customer if one this size needs to be replaced. Vice President Wetterling made a motion to award the bid tab for 3750 KVA Transformer to Border States Electric. Commissioner Bordson seconded the motion and it passed unanimously.

Steve Lancaster presented requisition #002658 for approval. These transformers are for inventory for future projects. After discussion Commissioner Bordson made a motion to approve requisition #002658 for transformers from RESCO. Vice President Wetterling seconded the motion and it passed unanimously.

General Manager Kumm presented requisition #002676 for approval. This is pipe that is needed for the North High Drive/Highway 15 North roundabout. John Webster explained that MNDOT needs our facilities relocated so they can proceed with the roundabout project. The call for bids is for the installation and retirement of our old natural gas distribution line so MNDOT can proceed with the roundabout project.

Commissioner Hantge made a motion to approve requisition #002676 for black steel pipe from Redman Pipe and Supply Company. Commissioner Bordson seconded the motion and it passed unanimously. Vice President Wetterling made a motion to approve the call for bids for installation and retirement of natural gas distribution lines for the North High Drive/Highway 15 roundabout. Commissioner Bordson seconded the motion and it passed unanimously.

Division reports

Electric – Steve Lancaster

- We're still generating quite a bit
- Conditional offer of employment extended for new operator
- Employee Dave Lamecker is retiring; position filled in-house
- Pandemic flu plans are taking place

Business – Jan Sifferath

- CIP: \$4,000 left in residential; \$3,700 left in commercial
- Bev Popp retired – hired Jared Martig, CPA

Gas – John Webster

- Waiting to hear from MN Energy on transportation contract

GM Kumm will be attending the MMUA 75th Annual Summer Meeting in August at Breezy Point.

Legal update
None

Unfinished Business
Customer Credit Card Payments
Tabled until next meeting. Will gather more information

New Business
None

Vice President Wetterling made a motion to adjourn the meeting at 4:21 p.m.
Commissioner Hantge seconded the motion and it passed unanimously.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President

Regular Meeting

August 29, 2007

Members present: Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; General Manager Michael Kumm; Attorney Marc Sebora

Members absent: President Donald H. Walser; Commissioner Robert Hantge

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

General Manager Kumm asked to discuss the safety management contract with Minnesota Municipal Utilities Association (MMUA) as a New Business item. The only change in the annual contract is that the fee has been increased by \$400. HUC and City split the cost for the safety training. A motion was made by Commissioner Lenz, seconded by Commissioner Bordson to approve the safety management contract with MMUA. Motion was unanimously carried.

Commissioner Lenz made a motion, seconded by Commissioner Bordson to move into closed session to discuss pending litigation. Motion was unanimously carried. Meeting closed at 3:05 p.m.

Present at closed meeting: Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; General Manager Michael Kumm; Director Natural Gas Division John Webster; Recording Secretary Lin Madson; Attorney Marc Sebora; Attorney Gary Van Cleve of Larkin Hoffman Attorneys via teleconferencing.

Commissioner Lenz made a motion, seconded by Commissioner Bordson to move back to open meeting. Motion was unanimously carried. The meeting was reopened at 3:15 p.m.

Attorney Sebora excused himself from the rest of the meeting because of a previous commitment.

The minutes of the July 25, 2007 regular meeting were reviewed. A motion was made by Commissioner Bordson, seconded by Commissioner Lenz to approve the minutes as written. Motion was unanimously carried.

The July payables were discussed. A motion was made by Commissioner Bordson, seconded by Commissioner Lenz to ratify the payment of bills in the amount of \$3,057,351.71. Motion was unanimously carried.

The financial statements/budget year-to-date were discussed. A motion was made by Commissioner Lenz, seconded by Commissioner Bordson to approve the financial statements/budget year-to-date. Motion was unanimously carried.

John Webster, Director Natural Gas Division, presented the bid tabulation for installation and retirement of natural gas distribution lines. After discussion, a motion was made by Commissioner Lenz, seconded by Commissioner Bordson to award the bid to NPL Construction Company in the amount of \$84,900. Motion was unanimously carried.

John Webster presented requisition #002693 for a transfer prover. This equipment tests large volume meters. After discussion, a motion was made by Commissioner Bordson, seconded by Commissioner Lenz to approve requisition #002693 for a transfer prover from Dresser Roots Meters and Instruments in the amount of \$20,255.24. Motion was unanimously carried.

Steve Lancaster, Director Electric Division, presented requisition #002724 for a 2000 KVA padmounted transformer. This is an inventory item which will eventually be used in the new chiller project. After discussion, a motion was made by Commissioner Lenz, seconded by Commissioner Bordson to approve requisition #002724 for a 2000 KVA padmounted transformer from RESCO in the amount of \$36,371.88. Motion was unanimously carried.

GM Kumm gave an overview of the MMUA annual meeting he attended.

Division reports

Electric – Steve Lancaster

- An operator has resigned – an offer of conditional employment has been extended to an applicant

Gas – John Webster

- Installed an anode on fuel line at Ridgewater College
- Installed two flange kits at HTI
- Received a thank you card from Fire Dept. for our assistance
- Received 2006 Safety Award from American Public Gas Association

Business – none

Legal update

None

Unfinished Business

Customer Credit Card Payments:

We will study this more then draft a policy on convenience/handling fee and report back to the Commission at a later time.

Big Stone II:

Administrative Law Judge recommended approval; Dept. of Commerce expected to endorse it; PUC expected to make a decision in October regarding the Certificate of Need.

There being no further business, a motion was made by Commissioner Lenz, seconded by Commission Bordson to adjourn the meeting at 4:32 p.m. Motion was unanimously carried.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President

Regular Meeting

September 26, 2007

Members present: President Donald H. Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebor

President Walser called the meeting to order at 3:04 p.m.

The minutes of the August 29, 2007 regular meeting were reviewed. A motion was made by Commissioner Hantge, seconded by Commissioner Bordson to approve the minutes as written. Motion was unanimously carried.

A presentation was given by Carolyn Krall and Ellen Stewart with Landform for improvements to the downtown power plant. They are the same group that was involved with the Highway 7 corridor project. Phase one would start in the spring of 2008 and phase two would start a year later. Landform will send a correction on fencing pricing. After discussion, a motion was made by Commissioner Lenz, seconded by Vice President Wetterling to approve the Concept Plan with Landform for power plant improvements. Motion was unanimously carried.

The August payables were discussed. A motion was made by Commissioner Lenz, seconded by Vice President Wetterling to ratify the payment of bills in the amount of \$3,365,891.53 (detailed listing in payable book). Motion was unanimously carried.

GM Kumm presented the financial statements/budget year-to-date. There are some variances throughout the report, and they will be researched and an explanation will be e-mailed to each commissioner. A motion was made by Secretary Bordson, seconded by Commissioner Hantge to approve the financial statements/budget year-to-date. Motion was unanimously carried.

GM Kumm received an e-mail from Mark Kaufman, Business Representative of the IBEW Local 949, informing HUC that the labor agreement contract was voted down.

Discussion was held on the memorandum of understanding with MRES. HUC will partner with MRES as it relates to renewable energy. No action was taken at this time. A motion was made by Commissioner Lenz, seconded by Vice President Wetterling to table the memorandum of understanding with MRES until the October Commissioner's meeting. Motion was unanimously carried.

GM Kumm presented the meter reader contracts for approval. It has been reviewed by Attorney Sebor; and City will continue with this contract for 2008. A motion was made by Commissioner Lenz, seconded by Secretary Bordson to approve the meter reader contracts – electric/gas meters, and water meters. Motion was unanimously carried.

Steve Lancaster, Manager Electric Division, presented requisition #002750 for 10,000' 350 MCM conductor. This is an inventory item. A motion was made by Vice President Wetterling, seconded by Commissioner Hantge to approve requisition #002750 for 10,000' 350 MCM conductor from Border States Electric. Motion was unanimously carried.

Discussion took place regarding keeping the public informed of how HUC benefits the community. A meeting was held with Mayor Cook, Councilperson Stotts, City Administrator Plotz, Commissioners Walser and Wetterling, and GM Kumm. The consensus was that not enough information is getting out to the public about how valuable HUC is to the community. The CONNECTOR is a newsletter put out by MMUA four times yearly and it can be customized for our use. GM Kumm will research our cost for distribution and well as to how to distribute the newsletter to our customers.

GM Kumm also presented our mission / values / vision statements. Meetings have been conducted and will continue to be held as it relates to strategic planning with accompanying tasks.

Discussion was held regarding the wording of 'meter charge' on HUC electric and gas utility bills. It is a fixed charge and that explanation will be included in the MMUA newsletter, the CONNECTOR.

Discussion was held regarding HUC's policy on tuition re-imbusement. The policy states that the Commission provides for financial assistance for successful completion of qualifying programs and courses. Currently there are three employees utilizing this policy. GM Kumm will research the Hospital's policy as well as HTI's policy on education re-imburements, the qualifying length of employment after successful completion of the program, and if there is an allotted dollar amount for re-imbusement. GM Kumm will also research the total dollar amount being spent by HUC, and report back at the October Commissioner's meeting.

Attorney Seboria distributed guidelines and procedures for the Minnesota Government Data Practices Act. No approval was requested at this time. HUC will review the guidelines and procedures and discussion will take place at the October Commissioner's meeting as it relates to HUC establishing a policy for public records request.

Division reports

Electric – Steve Lancaster

- A representative was here to inspect our boilers
- Will be conducting emissions test at plant 2

Gas – John Webster

- Ron Swenson will be retiring as of November 16, 2007 – 31 years of service
- In October will be asking for approval of natural gas service addendum to contract with BP

- Northern Border had an error in software – experienced incorrect readings for 15 days – is now corrected

Business – Jan Sifferath

- Public Power Week open house October 11, 2007
- Working on conversion of billing software – go live end of April 2008

Legal Update

Attorney Sebora will be presenting the same guidelines and procedures for the Minnesota Government Data Practices Act to City Council

Unfinished Business:

Customer Credit Card Payments

Will develop a policy on credit card payment charges after the billing conversion is complete.

New Business:

Big Stone II

They will be looking for additional investors, as two investors have pulled out.

Minnesota Municipal Gas Agency's first meeting will be October 8, 2007.

There will be a meeting with Glencoe Municipal Utilities to discuss territorial issues.

There being no further business, a motion was made by Commissioner Hantge, seconded by Secretary Bordson to adjourn the meeting at 5:00 p.m. Motion was unanimously carried.

Dwight Bordson, Secretary

ATTEST: _____
Donald H. Walser, President

Regular Meeting

October 31, 2007

Members present: President Donald H. Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebora

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

Agenda item 7: Approve Memorandum of Understanding with MRES – Tabled from September 26, 2007 Regular Meeting and Agenda item #12: Approve Signing of Gas Supply Contracts were removed from the agenda.

The minutes of the September 26, 2007 regular meeting were reviewed. A motion was made by Commissioner Lenz, seconded by Vice President Wetterling to approve the minutes as written. Motion was unanimously carried.

Mark Schnobrich, City Forester, was welcomed to the meeting. Mr. Schnobrich presented the 2007 Energy Tree Planting Report. He also explained the Tree Line USA Program. This program would award HUC for planting trees in the City of Hutchinson and for working with other municipals as it relates to line clearance. The only thing HUC would require is the formal class training. It would be no cost for HUC and Mark could conduct the training. It was the consensus of the board to apply for the program.

Mr. Schnobrich also reported on a "Growth Award" that HUC could apply for. It was the consensus of the board to authorize Mr. Schnobrich to apply for the additional funding.

Attorney Sebora presented the guidelines and procedures for the MN Government Data Practices Act and Public Records Request Policy. The state requires a policy to be in place. It provides a procedure to follow as it relates to releasing information on public, private and confidential records. It was the consensus of the board that HUC develop a policy. Attorney Sebora will form a policy for HUC and will present it at a future board meeting.

Jon Guthmiller, Energy Conservation Administrator, was welcomed to the meeting. Mr. Guthmiller presented a preliminary CIP Program for 2008. Emphasis will be on commercial and industrial programs. Rebates will also be extended to residential customers.

Mr. Guthmiller also reported on the successful Public Power Week Open House which was held on October 11, 2007. HUC served over 400 customers, handed out bags of goodies to each visitor, and there were demonstrations given by both the gas and electric divisions.

The September payables were discussed. GM Kumm was authorized to increase the dollar limit on the HUC credit cards to eliminate the fees for 'overlimit' on credit card purchases. After discussion a motion was made by Commissioner Lenz, seconded by Commissioner Hantge to ratify the payment of bills in the amount of \$2,965,798.36 (detailed listing in payables book). Motion was unanimously carried.

The financial statements/budget year-to-date were discussed. A motion was made by Vice President Wetterling, seconded by Commissioner Bordson to approve the financial statements/budget year-to-date. Motion was unanimously carried.

GM Kumm presented the HUC 2008 health insurance renewal. There will be about a 18% premium increase for 2008. After discussion, a motion as made by Vice President Wetterling, seconded by Commissioner Lenz to approve the 2008 insurance renewal. Motion was unanimously carried.

GM Kumm asked that the memorandum of understanding with MRES tabled from the September 26, regular meeting be tabled again. HUC will be meeting with Phoenix Solutions as it relates to plasma energy. The deadline for signing this memorandum of understanding is the end of December.

John Webster, Director Natural Gas Division, asked if there are any nominations from the board to serve on the APGA's Public Gas Policy Council. This member would assist APGA in legislation favorable for municipals, with one to two meetings yearly conducted in Washington, DC. No action was taken.

GM Kumm presented the charge-offs for approval. A motion was made by Commissioner Lenz, seconded by the Vice President Wetterling to approve the charge-offs (detailed listing on page 2686 of September general journal.) Motion was unanimously carried.

Steve Lancaster, Director Electric Division, presented requisition #002786 for tower fan controller. This is for the cooling tower fan at plant 2. A motion was made by Commissioner Lenz, seconded by Vice President Wetterling to approve requisition #002786 for tower fan controller from Mulcahy. Motion was unanimously carried.

GM Kumm asked that the signing of gas supply contracts be tabled. Our lawyers are working on these contracts on our behalf. They will be ready for signing in mid-November.

Division reports

Electric – Steve Lancaster
Getting outside work completed

Gas – John Webster
Contractor is working on the roundabout

Business – none

Unfinished Business:

- A. Discuss Policy on Tuition Reimbursement – Tabled
Discussion was held regarding:
 - 1. Establish a tuition cap
 - 2. If coursework, or tuition exceeds cap, then director will approach commission as to waiving the cap. One of the criteria for waving the cap, is if the coursework is directly related to the employees position within the company, or if the degree the employee is seeking is beneficial to the company—in other words, it would be difficult to hire someone who already has that degree.
 - 3. Employee study on their own time, this includes using HUC computers, this should be done in accordance with the IT policy.
 - 4. Increase the time frame where the employee needs to remain with the company from its existing 12 months to 24 months.

- B. Discuss Notices Regarding Keeping the Public Informed Through MMUA's CONNECTOR
 - Will also add CIP to the list of possible subjects

- D. Plant 1 and Landform Architects
 - Landform will give a presentation to City Council on November 13th on the Highway 7 corridor project. They will also be at the Event Center to present our design to the public.

President Walser mentioned that the City Administrator had talked to him about renewable energy, and the Mayor had e-mailed him about the disposal of CFL lighting. He will e-mail the Mayor to let him know that this is a part of our strategic plan.

The last of the pipeline condemnation issues has been resolved.

Strategic planning is complete. We will discuss each vision statement individually with the board starting with the January 2008 commission meeting.

New Business

- A. Bore Scope Inspection
Steve Lancaster reported an internal inspection had been completed on the jet engine and repairs are needed. We will remove the engine in November (repair it downtown at plant 1), work on it in December, and complete repair by the end of the year. Could be down seven to ten days.

Commissioner Lenz asked if the 2008 budget would be ready for review at the November meeting.

There being no further business, a motion was made by Commission Hantge, seconded by Commissioner Lenz to adjourn the meeting at 5:10 p.m. Motion was unanimously carried.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President

Regular Meeting

November 28, 2007

Members present: President Donald H. Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Robert Hantge; General Manager Michael Kumm; Attorney Marc Sebora

Member absent: Commissioner Craig Lenz

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

The minutes of the October 31, 2007 regular meeting were reviewed. A motion was made by Commissioner Hantge, seconded by Secretary Bordson to approve the minutes as written. Motion was unanimously carried.

The October payables were discussed. A motion was made by Secretary Bordson, seconded by Commissioner Hantge to ratify the payment of bills in the amount of \$3,000,023.14 (detailed listing in payables book). Motion was unanimously carried.

The financial statements/budget year-to-date were discussed. GM Kumm pointed out that the medical insurance issue from our self-insurance plan will probably be an agenda item at the December meeting. After discussion, a motion was made by Commissioner Hantge, seconded by Vice President Wetterling to approve the financial statements/budget year-to-date. Motion was unanimously carried.

GM Kumm asked to table the memorandum of understanding with MRES, which was tabled at the September 26 and October 31, regular meetings. More details will come out in mid December and will come back to the board for approval. Vice President Wetterling made a motion, seconded by Secretary Bordson to table the memorandum of understanding with MRES. Motion was unanimously carried.

Attorney Sebora presented the data practices act and public records request policy. Discussion was held regarding releasing specific customer account information, which is private data. Attorney Sebora will add a section as it relates to releasing specific customer account information. Another item discussed was GM Kumm authorizing the Administrative Coordinator position as his back-up, for being responsible for maintenance of HUC records. Also discussed was a section regarding labeling information as being private data/confidential. Attorney Sebora will add requested sections and bring this back to the board at the December commission meeting with these modifications. Secretary Bordson made a motion, seconded by Commissioner Hantge to table the HUC's data practices act and public records request policy. Motion was unanimously carried.

Steve Lancaster, Director Electric Division, presented requisition #002861 for unit #1 repair. This is corrective maintenance as there is internal damage to the LM6000 and it

needs to be repaired. After discussion, Vice President Wetterling made a motion, seconded by Commissioner Bordson to approve requisition #002861 for unit #1 repair from GE Package Power. Motion was unanimously carried.

The labor agreement between Hutchinson Utilities Commission and International Brotherhood of Electrical Workers Local 949 was brought to the board for ratification. After discussion, Vice President Wetterling made a motion, seconded by Commissioner Bordson to ratify labor agreement between Hutchinson Utilities Commission and International Brotherhood of Electrical Workers Local 949. Motion was unanimously carried.

Attorney Seborra discussed the resolutions passed by City Council and its potential impacts on HUC. Discussion was held regarding the 'Guidelines for Electronic Communications between Council Members in the City of Hutchinson; subparagraph: Communication outside of Council meetings.' Commissioner Hantge made a motion, seconded by Commissioner Bordson to have Attorney Seborra formally communicate to City Council and Councilperson Stotts to remove the third paragraph from this ordinance as it relates specifically to Hutchinson Utilities Commission. Motion was unanimously carried.

Discussion was held on HUC's policy on tuition reimbursement, which was tabled from October 31, 2007 regular meeting. Items discussed:

1. Establish a tuition cap.
A \$6,000 cap was established.
2. If coursework, or tuition exceeds cap, then director will approach commission as to waiving the cap. One of the criteria for waiving the cap, is if the coursework is directly related to the employees position within the company, or if the degree the employee is seeking is beneficial to the company—in other words, it would be difficult to hire someone who already has that degree.

Tuition, registration fees and other course related fees would be reimbursed after successful completion of a course. Reimbursement is contingent on receiving a "pass" or minimum grade of "C".

3. Employee study on their own time, this includes using HUC computers, this should be done in accordance with the IT policy.
4. Increase the time frame where the employee needs to remain with the company from its existing 12 months to 24 months.

Staff will draft a policy and present it at the December Commission meeting. Anyone participating currently will be grandfathered in and the new policy would not affect them for the duration of their existing course.

GM Kumm presented the 2008 budget. GM Kumm said there would be no need for a rate change in 2008. GM Kumm discussed some changes that will need to be made before it will be ready for approval. He will make the necessary changes discussed and bring it back to the board for approval.

GM presented the gas supply contracts.

a. The MMGA – Participant Downstream Agreements: Several attorneys are working on this agreement. A motion was made by Vice President Wetterling, seconded by Commissioner Hantge to approve the MMGA – Participant Downstream Agreements. Motion was unanimously carried.

b. Participant Opinion – Gas Supply Contract: We do not have to act on this. Attorney Seborra has reviewed this, agrees with it, and will put his opinion on letterhead.

c. Certificate with Respect to Qualifying Use: This explains how we will use the gas; it is not for profit. All of the savings is intended to go back to our customers. A motion was made by Vice President Wetterling, seconded by Commissioner Bordson approving and authorizing the signing of the gas supply contracts. Motion was unanimously carried.

Division reports

Business – Jan Sifferath

- With ratification of union contract, will start calculating back pay, taking into consideration call-out pay.
- Starting training on the new utility billing software – still plan to go live in April.
- No final dollar amount on the business insurance. The League of MN Cities Insurance Trust feels it should stay flat.
- There are no issues with inventory; no stock-outs. The crews are very satisfied.
- Will be making changes to the Consolidated Freightways building.
- Will be adding a new building for inventory with a new security system. Will be built in three phases over two years, with phase one costing approximately \$550,000. A presentation will be given in February by Haugen Architecture.

Electric – Steve Lancaster

- Engine overhaul will start December 10

Gas – John Webster

- MMGA savings is 50¢ out to \$1.00. Over 20 years it's a savings of \$7.3 million
- Working with neighboring farmer Daryl Luthens on methane recovery.
- North High Drive main relocation is complete.
- Interviews for position of welder/serviceperson start November 29th.
- Started putting in service for the new Charter School.
- Working with 3M on isolating a vibration on their equipment.
- Progressing with the pandemic flu program.
- Will have a presentation on serving gas outside city limits.

- Working on a system model for gas distribution.
- BP Gas Service Contract will be ready for December Commission meeting.
- Had a gas leak at a residence on Jorgenson Street. We evacuated the home and vented down the building. We found an old fuel line that's not used any more and there was no cap on it – gas leaked through into the home. Has been corrected.

Legal Update

Attorney Sebora discussed HUC adopting a record retention policy.

Unfinished Business

None

New Business:

a. Holiday-Recognition Party December 7, 2007

- Secretary Bordson made a motion, seconded by Commissioner Hantge to declare the Holiday-Recognition Party scheduled for December 7, 2007 as an open meeting.

b. Joint HUC/City Meeting

- Scheduled for January 10, 2008 at the Event Center.

There being no further business, a motion was made by Commissioner Hantge, seconded by Secretary Bordson to adjourn the meeting at 4:50 p.m. Motion was unanimously carried.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President

Regular Meeting

December 26, 2007

Members present: President Donald H. Walser; Vice President David Wetterling; Secretary Dwight Bordson; Commissioner Craig Lenz; General Manager Michael Kumm; Attorney Marc Sebora.

Member absent: Commissioner Robert Hantge

President Walser called the meeting to order at 3:00 pm.

The minutes of the November 28, 2007 regular meeting were reviewed. A motion was made by Vice President Wetterling, seconded by Secretary Bordson to approve the minutes as written. Motion was unanimously carried.

A representative from FluiDyne Engineering Corp. dba Phoenix Solutions Company, was welcomed to the meeting. A presentation was given on 'Plasma Gasification'. This is an alternative for producing energy. A bill, authored by Rep. Paul Thissen and Sen. Dan Larson, will be presented at the upcoming MN legislative session which will provide financial support for a demonstration of plasma gasification to electricity. HUC has been asked to be the host site for this demonstration. At this time Phoenix Solutions is asking for a letter of intent. The breakdown of the costs for this demonstration is:

State of MN	\$2,500,000
Phoenix Solutions	\$ 500,000
HUC	\$1,000,000
Other Sources	<u>\$1,000,000</u> (being determined)
	\$5,000,000

After discussion it was decided that a letter of intent will be drafted and presented to the Commissioners at the HUC/City joint meeting on January 10, 2008 as an agenda item. A motion was made by Vice President Wetterling, seconded by Commissioner Lenz to draft a 'letter of intent' to be presented at the next Commission meeting. Motion was unanimously carried.

The November payables were discussed. A motion was made by Commissioner Lenz, seconded by Vice President Wetterling to ratify the payment of bills in the amount of \$3,006,190.35 (detailed listing in payables book). Motion was unanimously carried.

The financial statements/budget year-to-date were discussed. GM Kumm asked to move the medical insurance restricted fund to the catastrophic fund, as we are no longer self insured. A motion was made by Commissioner Lenz, seconded by Secretary Bordson to move the medical insurance restricted fund to the catastrophic fund. Motion was unanimously carried.

GM Kumm asked to write-off the accrued medical fund, with 70% going to the electric division and 30% going to the gas division income statements. A motion was made by

Vice President Wetterling, seconded by Secretary Bordson to write-off the accrued medical fund as discussed. Motion was unanimously carried.

After further discussion, a motion was made by Vice President Wetterling, seconded by Commissioner Lenz to approve the financial statements/ budget year-to-date. Motion was unanimously carried.

The HUC Data Practices Act and Public Records Request Policy, tabled from November 28, 2007 regular meeting, was tabled once more.

GM Kumm presented updates and changes to the 2008 budget. After discussion, a motion was made by Commissioner Lenz, seconded by Secretary Bordson to approve the 2008 budget, noting the changes made by staff. Motion was unanimously carried.

Brenda Ewing, Director of Human Resources, was welcomed to the meeting. Ms. Ewing presented the 2007 Pay Equity Report for approval. This report is submitted to the MN Department of Employee Relations indicating that HUC is in compliance with the pay equity requirements. A motion was made by Vice President Wetterling, seconded by Commissioner Lenz to approve the Pay Equity Report, adding the total payroll to the report once those figures become available. Motion was unanimously carried.

Steve Lancaster, Director Electric Division, presented an advertisement for bids for 40' aerial man lift device with service body (replaces bucket truck). HUC will sell the old bucket truck per the HUC surplus property policy. A motion was made by Commissioner Lenz, seconded by Vice President Wetterling to approve the advertisement for bids for 40' aerial man lift device with service body. Motion was unanimously carried.

Steve Lancaster, Director Electric Division, presented an advertisement for bids for 1/0 15kV URD primary conductor. This is for 30,000' of wire for 2008 construction projects. A motion was made by Commissioner Lenz, seconded by Secretary Bordson to approve the advertisement for bids for 1/0 15kV URD primary conductor. Motion was unanimously carried.

GM Kumm presented the policy on tuition reimbursement that was tabled from the October 31 and November 28 regular meeting. Changes requested from the Board at last month's Commission meeting have been incorporated into the new policy. After further discussion and a request of clarification, a motion was made by Commissioner Lenz, seconded by Secretary Bordson to approve the policy on tuition reimbursement, incorporating the request of clarification. Motion was unanimously carried. GM Kumm asked Jan Sifferath to make the necessary changes.

John Webster, Director Gas Division, presented the BP Gas Service Agreement. Our attorney, Tom Gorack, has reviewed this agreement to make sure it is in compliance with MMGA. His suggestions have been incorporated in the addendum. A motion was made by Vice President Wetterling, seconded by Commissioner Lenz to approve the BP Gas Service Agreement. Motion was unanimously carried.

John Webster presented the Northern Natural Gas Service Agreements: Contract 21279 and Contract 102733. These contracts are renewed every five years. After discussion, a motion was made by Commissioner Lenz, seconded by Vice President Wetterling to approve Northern Natural Gas Service Agreements: Contract 21279 and Contract 102733. Motion was unanimously carried.

John Webster presented the 3M Service Agreement. This is an annual agreement and it is similar to the agreement we've had with 3M since the mid 60's. After discussion, a motion was made by Vice President Wetterling, seconded by Secretary Bordson to approve the 3M Service Agreement. Motion was unanimously carried.

Jan Sifferath, Business Manager, presented the Midwest Dental Benefits Insurance. There is no premium increase and they will waive any increase in administrative fees for contract year 2008. A motion was made by Vice President Wetterling, seconded by Secretary Bordson to approve Midwest Dental Benefits Insurance. Motion was unanimously carried.

Jan Sifferath presented the business insurance. Overall there is a decrease of \$5,000. After discussion, a motion was made by Commissioner Lenz, seconded by Secretary Bordson to approve the business insurance. Motion was unanimously carried.

Commissioner Lenz excused himself from the remainder of the meeting because of a previous commitment.

Steve Lancaster presented requisition #002872 for ten 50 KVA padmounted transformers. These are inventory items. A motion was made by Secretary Bordson, seconded by Vice President Wetterling to approve requisition #002872 for ten 50 KVA padmounted transformers from Resco. Motion was unanimously carried.

Division reports

Gas – John Webster

- Presented 3rd party damage review for 2007
- Presented future policy on service beyond city limits of Hutchinson

Business – Jan Sifferath

- In January HUC will retrofit lighting at Park Towers
- Still doing training on new billing software
- Auditors will be here end of January
- Trane Heating Systems has been working on our heating system – working on developing a 2-year maintenance agreement with them
- Looking into our voluntary life plan and our short term disability policies – newer employees have questions

Electric – Steve Lancaster

- Unit 1 is back up and running

Legal Update
None

Unfinished Business

Approve Memorandum of Understand with MRES
(tabled from September 26, October 31, and November 28 regular meetings)

New Business

Commissioners were provided with a report on GM Kumm's evaluation. A motion was made by Secretary Bordson, seconded by Vice President Wetterling to accept GM Kumm's evaluation report and the associated recommendations. Motion was unanimously carried.

There being no further business, a motion was made by Vice President Wetterling, seconded by Secretary Bordson to adjourn the meeting at 4:57 p.m. Motion was unanimously carried.

Dwight Bordson, Secretary

ATTEST _____
Donald H. Walser, President