

Pursuant to due call and notice thereof, a special joint meeting of the Kenyon City Council and the Kenyon Municipal Utility Commission was duly held in the City Hall council chambers at 10:50 a.m. on the 8th day of July, 2011. The following members were present: Mayor Diane Barrett; Council members Bryan Haugen, Fred Barsness, Brian Paulson, Commissioner/Council member Richard Nielsen and KMU Commissioner Mike Engel. Absent: Commissioner Scott Swenhaugen. Also present were City Administrator Chris Heineman, Operations Superintendent Randy Eggert, and Administrative Assistant Pam Blow.

**CMMPA Transmission Owner Services and Asset Assignment Agreement**

Heineman noted that he spoke with Attorney Scott Riggs, and if the information given at this meeting allows for a reasonable amount, and not a sliding fee for Attachment A of the Agreement, Riggs would have no problem with Council/KMU approval of the agreement today.

Steve Thompson, CEO of CMMPA, distributed a handout with information regarding the costs of services to administer the transmission, and further information about why the investment cost has not previously been available. Thompson explained that the Asset Assignment Agreement designates CMMPA to go to MISO and assigns the asset. For member owned transmission, CMMPA is currently charging 3% of the tariff revenues recovered. When CMMPA takes over the CapX transmission, the percentage will drop significantly because they will be able to spread the cost of providing this function over a larger asset volume. The fee charged by CMMPA is recoverable in tariff recovery sheets the year following the charges. Thompson went on to say the costs incurred during the construction of the transmission lines can be recovered; however, administration and FERC attorney costs (soft costs) will not be recoverable on a current basis. Once the line goes into service, they will be amortized over a five year time period. This will cause a negative cash flow, but will have a larger return on soft costs. There will be no additional assessments or interest charges during construction. There will be interim financing for the project, but the interest won't be "rolled". Only permanent financing rolls interest. The in-service date for the transmission lines is 2015, with partial in 2014.

Nielsen noted that the amounts referred to above should be in the Agreement. Thompson explained that the transfer of Delano's share of the project has been nearly completed, with four of the six cities that took their share having completed their agreements. The Attachment A figures will be listed on the "true-up" form that will go with the agreement.

*Council Member Paulson left the meeting.*

Nielsen asked if Xcel could control the ability to recover costs, and Thompson said that any costs with the CapX project are recoverable. Thompson went on to say that staff time can be reimbursed from MISO, and members won't have to pay for these costs in the future. Heineman noted that he is very comfortable in the CapX Brookings line investment.

Motion by Nielsen, seconded by Haugen to approve the CMMPA Transmission Owner Services and Asset Assignment Agreement for the City of Kenyon. Motion carried 4-0-0.

Motion by Nielsen, seconded by Engel to approve the CMMPA Transmission Owner Services and Asset Assignment Agreement for the KMU Commission. Motion carried 2-0-0.

Motion by Barsness, seconded by Haugen to adjourn the meeting at 12:05 p.m. Motion carried 5-0-0.

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Pam Blow, Administrative Assistant

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Diane Barrett, Mayor