

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:05 p.m. on the 15th day of September 2010. The following members were present: Chairman Scott Swenhaugen and Commissioners Michael Engel and Richard Nielsen. Also present were Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Add: New Business: C/Ninth Street water improvement project; D/APPA petition; E/October meeting date. Motion by Nielsen, second by Engel to adopt agenda as amended. Approved 3-0-0.

CONSENT AGENDA

Motion by Engel, second by Nielsen to adopt consent agenda with the approval of checks #35714-35760 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4086-4100. Approved 3-0-0.

OLD BUSINESS

Generating report

Eggert noted that engine #4 had more hours than the other two due to the urge testing completed this month on that engine.

Generating capacity information

Commission reviewed the information showing the capacity credit KMU received and the capacity (demand) charges avoided by owning our own generators since 1999. By law a utility has to have capacity to cover their own load which is calculated at 15% above their peak load. The estimated cost of purchasing capacity since 1999 was \$1.2 million.

At the previous meeting the board discussed the EPA regulation for limiting hazardous air pollutants for existing diesel generators greater than 200 KW manufactured before June 12, 2006. The tests required to determine if generators meet these Reciprocating Internal Combustion Engines (RICE) standards are estimated to cost from \$3000 to \$5000 per generator and would need to be completed in order to continue the current use of the generators. If an engine is registered as emergency only it does not need to meet the standards, but the hours of usage are limited. If an engine were to continue being used as standby to meet our capacity requirements it would have to be tested. If it did not meet the requirements it may need the addition of the diesel oxidation catalyst.

Nielsen questioned whether KMU would have to pay capacity if the generators were not registered as standby. Eggert noted that KMU would probably need to register all three generators to avoid purchasing capacity.

Commission agreed that the generators should be tested, but would like to wait to see if CMMPA is able to get a lower testing rate for agency members.

Safety Report

Reviewed confined entry space with public works employees.

CMMPA update

City Administrator Heineman reported on the employment contract for Paul Leland at IT specialist at CMMPA. This position will replace the outside contracting currently used. Also, Larry Blaine has been hired full-time as CFO, which was also a contracted position in the past. These costs will be passed on to member utilities or outside contractors which may use those services.

Eggert reported that KMU will receive full credit on the September billing from Xcel Energy for the overbilling of \$9226 from 2008.

Eggert discussed the situation with the Conservation Improvement Program. There are several commercial customers who are interested in making improvements, but are unable to justify the expense at this time due to the economy. Eggert asked if the commission would be interested in partially financing these projects for the customers. Board directed staff to research this and report their findings in October.

Delinquent utility bills

Dodds reported that letters have been sent to customers notifying them about the impending assessments to their property tax for delinquent utility bills. Commission agreed to allow staff to enter into payment agreements for those that are willing to pay these bills instead of having them assessed.

NEW BUSINESS

Water leak on Gunderson Boulevard

Eggert discussed the issue of the water leak on Gunderson Boulevard and State Street. He noted that the residents' water service crosses Gunderson Boulevard under the two lanes of traffic and connects to the main on the north side of the boulevard. Due to the service located under the state highway this repair may be more costly than most. Currently the policy for the homeowner's responsibility of repairs is from the main to meter. Eggert suggested that in the future the homeowner's responsibility would be only from the curb stop to the house. The commission agreed that the policy should be revised. Motion by Engel, second by Nielsen to revise policy to state that *as of September 15, 2010 the owners' responsibility for repairs on a water line would include the entire curb stop to the meter. KMU would be responsible from the main up to the curb stop.* Approved 3-0-0. The policy book will include a diagram showing this change.

Eggert noted that there may need to be some variation to the policy to cover areas such as the mobile home parks. Also, cost for new services would be the owner's expense. Once it is inspected and approved by the water department it would be the responsibility of KMU up to the curb stop.

The commission also discussed the circumstances of the water leak on Gunderson Boulevard and State Street and felt that KMU may offer some assistance in this case. Motion by Nielsen, second by Engel to offer the two homeowners a split of 50/50 with KMU on repair costs due to existing circumstances. Approved 3-0-0.

Voting member for CMMPA board

Eggert asked if the commission would consider changing the voting member status on the CMMPA board. Recently the voting member was changed from Eggert to Heineman making Eggert the alternate. Eggert would like to become the voting member again. He would like to continue to attend the meetings and possibly be on the executive board in the future, which would require being a voting member instead of an alternate. Heineman agreed that his schedule does not always allow him to attend, but felt that it was important for Eggert to attend meetings. He agreed this could be a good change if the commission and council agreed. Commission recommended Heineman to discuss this with council at the next work session.

Ninth Street water improvement project

The board reviewed a memo from Administrator Heineman concerning the proposed Ninth Street project. The initial estimate for the water portion was \$35,000. According to the bid from BCM Construction the water portion is estimated at \$46,459.

APPA Petition

The board reviewed and agreed to sign the APPA petition for filing with the U.S. Commodity Futures Trading Commission for a one-year extension to the effective date of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which could affect wholesale prices in the future.

October meeting date

Eggert asked if the board would like to change the October meeting date due to the CMMPA meetings scheduled for October 19 & 21st. The board agreed to keep the normal meeting date of October 20th.

There being no further business, Swenhaugen adjourned the meeting at 8:45 p.m.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chairman

Randy Eggert, Operations Superintendent