

Board Meeting Minutes
REGULAR SESSION

~ Meeting was held in City Council chambers ~

RBPW President, Dr. James O. Stoffer, presiding, called the meeting to order at 4:00 p.m. with the following present:

Board members: Vice President Maurice Alfermann
Secretary, Judge John Wiggins
RMU Staff: General Manager, Dan Watkins
Operations Manager, Dave Stogsdill
Operations/P.R. Coordinator, Rodney Bourne, P.E.
Office Manager, Dennis Roberts
Staff Engineer, Vicki Cason, P.E.

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Minutes submitted, according to Agenda, by RMU's Administrative Assistant, Susan Watkins.

I. APPROVAL OF MINUTES

Alfermann made a motion, seconded by Rolufs, that the Board meeting minutes from September 24, 2007 be approved. Motion passed unanimously.

II. CITIZEN COMMUNICATION

A. Donna Hawley asked if the audience could ask questions regarding the R.W. Beck presentation. Stoffer stated it would be up to the presenter at the time of the presentation.

III. SPECIAL PRESENTATION (After 'New Business' at 5:02 p.m.)

Stoffer announced that he had spoken to the presenters, and they would not be taking questions from the audience. He then turned over this section of the meeting to Bourne.

A. 'Power Delivery Master Plan' by R.W. Beck, Inc.

1. Bourne briefed the Board and audience with the background of the project, and that it has been discussed by RMU Staff since the 1990's. R.W. Beck was selected by the Board in 2006 to complete the necessary study. The improvements discussed would build upon current RMU improvements, address current capacity needs, and develop a power delivery system that will provide RMU and the City of Rolla safe, reliable service for the next 20 years and beyond. Bourne proceeded to introduce the presenter, Shannon Messer from R.W. Beck.
2. Messer explained the purpose of the study was to review RMU's present and future capacity, and reliability needs. The agenda included an overview of RMU's existing system; planning aids and assumptions; analysis of RMU's existing system and alternatives; economic comparison of the plans; and the selection of a preferred plan.
3. Alternate 3D: New 138-35 kV Delivery Point was selected as the preferred plan. Capital cost for Alternate 3D is estimated at \$10,832,221 with an estimated cumulative Present Value Cost of \$17,823,495 over a 20 year period. The advantages of Alternate 3D:
 - a. Additional capacity for future growth;
 - b. Improved reliability and safety;
 - c. Operations and maintenance would be the responsibility of RMU;
 - d. Lower project risk (Most of the investment would occur early on);
 - e. Eliminate AmerenUE local facility charges.The only disadvantage to this plan presented was the somewhat higher present value cost over 20 years (approximately 10 - 15%).
4. Watkins explained that the financing vehicle for this project may be a lease purchase similar to that of the Generators. With the lease purchase of the generators ending in May of 2010, plus RMU would no longer be paying the local facility charges to Ameren (currently \$288,816 per year), RMU could allocate approximately 1 million dollars per year to develop this needed infrastructure. Therefore, electric rates would not be increased to pay for this project.
5. Stoffer said that he had been asked on a number of occasions, why doesn't RMU have back up power supply, such as Associated Electric.(i.e. If MoPEP is not able to supply or AmerenUE substation is down.) Messer stated that it would be cost prohibitive for any utility to do so. RMU would have to purchase power from the second supplier, even if it went unused, or RMU would have to contract with the same supplier to be there "just in case".
6. Councilman Hicks asked what the approximate cost would be if RMU were to buy Ameren's lines. Watkins stated that RMU is currently negotiating with Ameren.

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Section: News

New substation recommended

Alan Lewis Gerstenecker, EditorMembers of the Rolla Board of Public Works and a handful of Council members that included Mayor William S. Jenks, III, and City Administrator John Butz, heard a presentation that recommended the construction of an electrical substation that would cost between \$15- and \$17 million.

Shannon D. Messer, a senior consultant with RW Beck, an electrical consulting firm with 28 offices throughout the nation, offered a PowerPoint presentation that included two of six options that recommended a new electrical substation to meet Rolla's growing appetite for electricity.

Option 1, or Alternative 1, as Messer referred to it, involved a continuation of the AmerenUE and Rolla Municipal Utilities relationship of the Phelps Substation near St. James with scheduled improvements as needed for the next 20 years. It also recommended the construction of a fourth 35 kV line out of the Phelps Substation. The price tag of this option is \$15.570 million.

The other option, and the one that caught the attention of the board, is Alternative 3D, which included the building of a 138-35 kV substation with full single contingencies. This plan would include two transformers and 138 kV lines. Also, it would allow for RMU to add three new 35 kV lines to split the load on six 35 kV lines to reduce line exposure. This alternative, which comes with a \$17.823 million price tag, also would include system upgrades for the next 20 years.

"The other options are hybrids of the two presented," said Messer after his PowerPoint when asked about the other four options that were not included in the presentation. Messer said the two options presented were the best recommendations for Rolla.

Messer said the Alternative 3D was an option that would provide for growth in Rolla as it develops not just on its western edge but all over town.

That also is the sentiment reflected by RMU General Manager Dan Watkins.

"It's the right decision in regards to safety and reliability. Making electricity more reliable for RMU customers," Watkins said. The Alternative 3D option allows for a substation located within the city limits where the city would not have the lengthy, nearly 15-miles of right-angled transmission lines that it currently does from the Phelps Substation, which is located near St. James.

Watkins said the recommended system upgrades could be constructed without a rate increase.

Watkins and Board President Dr. James Stoffer said by using Alternative 3D, RMU would save the nearly \$300,000 lease it currently pays to AmerenUE for the Phelps Substation. Plus, Watkins said, RMU will pay off the nearly \$800,000 it spends annually on its power generators bringing the amount of money available to \$1.1 million, which is what the board estimates it will cost to pay for Alternative 3D.

"We won't need new money in our rate base" to cover these construction costs, Watkins said.

Upon hearing plans for the revenue after the generators are paid off, Rolla resident Donna Hawley said if RMU uses the money for the substation, it's breaking a promise to its customers.

"We were told that money -- the \$800,000 -- would be used to reduce rates," Hawley said. "Now we're hearing it's going to be used to build Rolla West. That's a broken promise."

Hawley had requested to address Messer and the board after his presentation but Messer, through Shoffer, declined.

For his part, Watkins said the substation, discussed by Messer, is not about Rolla West, but making electrical service more dependable for RMU customers.

"It will make power more reliable and when there are outages they will be for shorter periods of time," Watkins said.

City Council members Jim Williams, Don Barklage, Gary Hicks and Judy Jepsen attended the presentation.

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Exhibit C - 1