

Utilities Committee Meeting
August 22, 2016

Present: Committee Members Sovinski; Clausen and Scott; Council Members Buxton, Fleck, LeJeune, and Larmore; Mayor Hazel; Safety-Service Director Hitchcock; Auditor Strawn; and Bill Kincaid, The Daily Standard.

Committee Chair Sovinski called the meeting to order at 6:00 pm to review operations of the utilities departments.

Director Hitchcock distributed reports which included the unexpended balance, total revenues and total expenses for 2011 through 2015, current rates, and Amp's electric projections. 2015 balances are higher than they were in 2011. Enough revenue is being collected in all the funds to cover the expenses. It is important that these funds build up to be able to keep up with the major infrastructure costs that come up.

CM Sovinski asked for review how the City's electric portfolio is developed. Mayor Hazel explained AMP puts it together and WASG has input on pool resources. The City is take or pay, which means we take the power and pay for it even if it is not used.

CM Sovinski asked for specifics on the Freemont Power. If the City does not need the power, it can sell its share. Mayor Hazel report Freemont base is at .36. He believes this cost is good and does not recommend selling its shares.

CM Scott asked if there are any contracts or agreements coming up that the City will need to consider. Director Hitchcock reported 2018 is the next time a contract renewal will come due.

CM Sovinski stated from the electric standpoint, the rate system is keeping in a reasonable distance to the cost, unlike what the analysts had projected.

Mayor Hazel explained the actual power costs incurred for electric rates is recovered through the Energy Acquisition Adjustment (EAA), which is calculated and adjusted as needed. Therefore no adjustments to the electric rates are needed.

CM Larmore stated the biggest complaint he receives is the demand charges. Mayor Hazel explained that the demand charges are needed to help keep the rates down. A company that runs 24/7 is much more efficient because they are not turning on equipment all at once causing a peak. If demand rates are lowered, it will cause the base rates to raise.

Mayor Hazel explained the water and sewer rates have not been increased since 2013. The City is trying to develop a viable solution to the City's water source. Until there is a more definitive plan, there is no reason to look at increasing rates at this time.

Director Hitchcock reported the County is increasing their surcharge to \$7.50 per 1,000 gallons, from \$1.00. The City collects this money from the customers, but pays it all to the County.

Committee Chair Sovinski adjourned the meeting at 6:53 pm.

Submitted by Joan S. Wurster, Clerk of Council