



**MINUTES FOR THE REGULAR MEETING
OF THE POWER BOARD
OF THE CITY OF SPRINGVILLE, UTAH
DISTRIBUTION CENTER
JANUARY 8, 2014 – 6:30 A.M.**

MEMBERS PRESENT: Councilman Ben Jolley, Chairman David Neilsen, Leon Lee, Travis Ball, Rod Andrew, Clair Anderson, Jason Miller, Darrin Wolz

MEMBERS ABSENT: Tom Hawks

DEPARTMENT STAFF: Leon Fredrickson, Matt Hancock, Brandon Graham

Minutes were transcribed from a digital recording by Kami Craudell, Power Board Secretary.

CALL TO ORDER

The meeting was brought to order by Chairman Neilsen at 6:30 a.m. The members were in attendance as listed.

APPROVAL OF THE MINUTES

A motion to approve the December 11, 2013 meeting minutes as written was made by Travis Ball. The motion was seconded by Leon Lee and was passed with a unanimous vote.

CEREMONIAL AGENDA

1. **RECOGNITION OF COUNCILMAN BEN JOLLEY’S SERVICE ON THE POWER BOARD:** Councilman Jolley chose not to seek re-election and has left his position on the City Council and assignment to the Power Board. Mr. Jolley has served on the Board for six (6) years in which time numerous projects have been completed. Mr. Jolley was presented with a thank you card and a picture collage. Mr. Jolley’s replacement will be introduced at the next meeting.

BUSINESS

1. **RESOURCE AND RATE FINANCIAL REPORTS**

- a. **FY13 ELECTRIC FINANCIAL STATEMENT AUDIT:** Mr. Neilsen reviewed and reported on the department audit as completed by the City Auditor. The audit shows an unrestricted fund balance of \$10.284 million. This amount is determined by taking the fund balance of \$11.9 million and deducting **restricted fund balance for customer deposits, compensated absences and community improvements. The fund balance is equal to current assets minus current liabilities.** Twenty percent (20%) or \$5 million of the unrestricted fund balance, as directed by the City Council, can be placed in the reserve fund. The audit also shows that other city departments are in a liability position to the electric fund in the amount of \$3 million as fund balance reserves are used as a cash flow position. Some unexpended capital project funds were carried forward into FY14, skewing the numbers slightly. The audit also includes the transaction of 1.1 million to the Nebo Power Station pre-pay for capital projects.
- b. **RESOURCE COST REPORT – NOVEMBER 2013:** Mr. Hancock reported that all of the resources performed well for November. The cost per resource is as follows: San Juan, \$69.09 per MWh; UAMPS Pool, \$33.00per MWh for 3.1 million kWh; market contract purchase, including transmission, \$59.00 MWh; Nebo Power Station, \$79.00 per MWh; and Horse Butte Wind, \$74.00 per MWh. The blended UAMPS cost for the month was \$58.84 per MWh. The total blended cost for all resources was \$59.42 per MWh. The Biogas resource output for the month has increased 50%, up to one million kWh but the cold is still affecting production.
- c. **FY14 kWh SALES AND RATE REVENUE REPORT – AS OF DECEMBER 31, 2013:** Mr. Fredrickson reported that 50% of the fiscal year has elapsed. Residential is at 56.5% of budgeted revenue collected. Small commercial is at 50.8%, and large commercial is at 53.4%. Interruptible power is reporting at 55.9%, with industrial customers at 50%. The total for all customers is 53.5% of budget. In the year to year comparison December sales were down by 4% from FY13, the year over all is down 1.7%.

2. RESOURCE DISCUSSION

- a. UAMPS PROJECTS: Board elections were held during the last UAMPS meetings. Mr. Fredrickson was appointed as the San Juan project chair for his third, and final, year.
 - i. CRAIG-MONA LINE: UAMPS staff is trying to get a handle on the line losses. The natural flow across interconnected lines is causing line losses which members are responsible to pay for.
 - ii. PAYSON POWER PROJECT: The project is running well. Plant management is continuing to prepare for the spring outage.
 - iii. WIND PROJECTS: Capacity factor has been up on both projects. Horse Butte ran at a 37% capacity factor and Pleasant Valley is at 33%. Winter months tend to produce more.
 - iv. CRSP: Continues to update on Glen Canyon Dam issues.
 - v. SMART ENERGY PROGRAM: Staff continues to push the rebate program with interest increasing in lighting replacement.

UAMPS staff received Board approval to increase the transmission rate by \$.76 MWh. The total cost is now \$4.74 MWh for delivery. The original budget is based on forecasted transmission energy. The kWh usage forecast has matched right up. The system peak of all UAMPS members has exceeded the forecast which has driven up costs based on the new FERC approved rate that PacifiCorp charges. This has caused a problem when PacifiCorp has tried to balance the system, causing the increase in our rate at this time.

Mr. Jolley was excused from the meeting.

- b. WHPP NEW GENERATION: The generation department has been working towards replacing the EMD engines that were sold with new generating units. The new units purchase price are estimated to be at \$3.1 million each, including installation at the WHPP. There is a discount for purchasing multiple units. Springville will need 4.5 MWh. Staff has looked forward into numerous possibilities for purchasing one to three (3) units and then decommissioning the older units. Financial information for bond rates was also presented. Currently, a ten (10) year bond rate is at 2.99%, a twenty (20) year bond rate is at 3.6%. Fuel rates and the behind the meter charge also figure into the overall run cost. Mr. Hancock provided four (4) purchase options to the Board to review. Options included purchasing three (3) units on a bond and/or paying outright for one (1) to three (3) units. Mr. Hancock's calculations show that the new unit could be used at a 90% utilization rate for base load. The per MWh costs on the options range from \$50.00 MWh to \$63.00 MWh. If three (3) units are purchased with no debt the final production costs would be less than the current market pricing.
Springville has received their Title V requirements from Utah State. The requirements state that the two (2) remaining R4 units will need to have non-selective catalytic convertors installed. The cost for the installation would be between \$150,000.00 to \$200,000.00 each. Units K1 and K3 have catalytic convertors installed.

Mr. Ball was excused from the meeting.

Most of the infrastructure is in place for the new units to be placed. An official RFP (Request for Proposal) would need to be done for any purchase. There are current funds for the outright purchase of two (2) units. Exterior radiators would need to be added if the new engines are purchased. The Board provided their opinions for a future direction with the general consensus being purchase two (2) engines and finance one (1).

REPORTS

1. GENERATION: The January peak usage was 42 MW. The plant did not run for production during the month but for the required RATA testing that was completed. Staff scheduled 7.5 million kWh through NPS during December. The Board was asked to review the remainder of the report at their convenience.
2. DISTRIBUTION: The 900 N. Substation project is on hold pending the repairs to the transformer. The engineering contract for the 46 KV line from Hobbles Creek Substation to the Nestlé / Stouffers substation was awarded to ICPE Engineering. The Board was asked to review the remainder of the report at their convenience.

OTHER

Springville City has received the results of a city sponsored survey. The overall citizen's approval of city services has increased. The citizen's approval of electrical services has also increased. The numbers are up from the 2011 survey. 920 responses were received.

ADJOURN

The motion to adjourn the meeting was made by Clair Anderson. Darrin Wolz seconded the motion which then passed with a unanimous approval. The meeting was adjourned at 7:52 a.m.