

The City of Provo
Department of Energy
Minutes of the Provo City Energy Board Meeting
April 6th, 2018
St. George, Utah

Energy Board Members

Norm Wright
Julie Radle
Ned Hill
Paul Greenwood

City Staff & Administration

Travis Ball Wayne Parker
Scott Bunker John Borget
Kat Linford Brian Jones
Charlie Fuller

Municipal Council & Staff

Gary Winterton
George Stewart
David Harding
George Handley
Kelsey Zarbock

Welcome & Introductions

Chairman Norm Wright conducted the meeting and welcomed everyone.

Approval of Minutes

Approval of the minutes from the March 5th meeting: Paul Greenwood motioned to approve, Julie Radle seconded, all approved (4:0).

Financial Report

Charlie Fuller presented a summarized financial report for February 2018. We are nearing the end of this fiscal year without any major concerns. There is a notable difference in the revenues under aid to construction costs due to the payment from UMPA for the substation.

As an ongoing reporting issue, the finance department is continuing to work in the new software to create the financial reporting as closely compared to what has been reported historically. Each month is getting better and more complete. Taking this into consideration, there are different budget line items (categories) than were in the old version so the current budget appears different and makes it look as though 2017 is missing data, however this will fix itself going into the next budget year as there will be an actual line item and category comparison going forward.

Key Performance Indicators (KPI's)

Every month the KPI's are reviewed on a three-month basis, but as a request from the last meeting, Travis Ball presented numbers and comparisons with national averages from IEEE, APPA and other utilities in the region for the past five years to show where Provo stands in the rankings. The handouts show graphs of the SAIDI (System Average Interruption Duration), SAIFI (System Average Interruption Frequency) and the CAIDI (Customer Average Interruption Duration). The graphs show in all three instances that Provo ranks as one of the top service providers, however after looking at the graphs more in depth, there are some inconsistencies between the three-month report and what this report is reflecting. **Travis will follow up with our dispatch team to correct the data and run the numbers again in which we'll follow up at the next board meeting.**

Chairman Norm Wright inquired about the Debt Service Coverage & Fund Balance totals on the KPI Report and asked if the budgets and/or goals need to be assessed further to better correlate with the benchmarks. Travis indicated that with the new debt incurred for the new Energy Department Campus, and even though there is enough cash on hand to pay off this debt, to maintain a good bond rating these balances need to be maintained. This is important because even when UMPA goes out for a bond, although the rating is collective for all member cities, because Provo makes up 65% of UMPA, Provo's financials and individual ratings are looked at above the other five cities.

Paul Greenwood inquired about the Fund Balance and why the balance is so high instead of giving it back to the rate payers. Travis stated that because of the debt incurred through UMPA (which includes the West Valley and the Provo plants (\$100M)) a healthy fund balance still needs to be carried. There is a fine line between building the reserve balances and/or giving them back to the customer, but the fund balance is a reserve for power cost inflation and can be used for debt payments if necessary; or in other words, the fund balance can be used to protect the ratepayers.

Ned Hill inquired about the Debt Service Coverage balance in relation to the established benchmark and specifically inquired how the debt service is defined. Charlie explained that the debt service coverage is calculated by taking the year to date surplus, then subtracting the debt and interest payments over the year, which would be classified as the Net Income over Debt. **During the next board meeting Charlie and Travis can report specifically on these numbers and calculations for clarity.**

Strategic Plan

Over five years ago, a Strategic Plan was created by Travis for Provo Power. The mission statement for Provo Power is "*to be the most reliable utility in the United States providing superior customer service and a save environment for employees*". At the time, according to the KPI benchmarks Provo Power was in the top quartile of reliability in the country. The desire to be the most reliable utility is still weighed heavily in all functions of Provo Power and the staff is reminded of this often. Many things have changed over the last five years, where some of the focus points have changed significantly; or are no longer a concern. With the help of the board, the staff would like to amend the strategic plan to address current issues, events, opportunities and potential threats.

Chairman Norm Wright asked all in attendance to participate in a strategy session to identify and discuss threats and potential opportunities, what are the implications for Provo power, Provo City and/or both.

The discussion led to the following topics and ideas to look at:

Opportunities:

Change Public Service Commission (PSC) role regarding public power
Renewables
Clean Air Initiatives
Find allies /partners on regulatory issues
Align rates w/costs of service
Electric Vehicles
Electric Heating (less gas reliance)
Petition to have a public power representative at the PSC table

Threats:

Relationship with Rocky Mountain Power (RMP)
Role of PSC regarding public power
City reliance on transfers
Decreasing costs of renewables and micro storage
Air Quality
Housing Affordability
Cyber Security

For lack of time, this discussion will be carried into the regular board meetings until the plan can be updated and established.

Paul Greenwood motioned to adjourn, Julie Radle seconded, all approved. Meeting adjourned at 8:20 AM.