
February 7th TUID Public Hearing

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February 6, 2023

Ticaboo Utility Improvement District

Hwy 276 MM 28 HC 60 Box 2140

Ticaboo, UT 84533

(435) 337-2021

RE: Public Hearing - Tariff (Fuel Surcharge)

Dear TUID Board Members,

As I have previously expressed, I do not believe that TUID or North Lake Powell (NLP) have adequately justified the need for a fuel tariff on the residents of Ticaboo. Despite reviewing the meeting minutes and presentations, I find the TUID budget to be poorly managed, with enterprise funds improperly integrated into the general budget and a lack of necessary accounting transfers for expenses between these funds. Furthermore, I have noted the absence of a line item for restricted funds as required by statute.

It was implied that "TUID burns 80,000 gallons of fuel annually and sells 570,000 kWh of electricity." However, I have neither seen nor heard any information regarding historical data on fuel consumption, nor is there any mention of the three-year average, which is typically considered a best practice for utilities of this kind.

If TUID fails to maintain or share records of the prior year actuals, current year actual, current budget, and proposed budget, it becomes challenging for the public to understand potential shortfalls or surpluses during the budget process. I am uncertain if even the TUID Board of Trustees is aware of which enterprise fund is profitable and which is not. Given the amount of work I have observed, I presume some "*connection fees*" (\$2,865.00 ea.) have been collected. I believe these would likely be defined as an impact fee by statute and should be defined as such by TUID. Impact fees should be in a restricted account and used in accordance with state law.

I have yet to receive a satisfactory explanation as to why NLP is permitted to purchase power at a "commercial-residential" rate, which is 40% cheaper than the rate for pay-as-you-go customers, while all other residents are required to pay the standard residential rate. This "commercial-residential" rate, may be applicable to commercial nightly rentals, but it should arguably be available to any other properly licensed nightly rental.

The current TUID Board assumed office in January of 2023, with North Lake Powell taking over operations a few months later. Consequently, both entities had been in their respective positions for less than a year before the liquidation of TUID assets and the subsequent request for residents to pay a new tariff, which is effectively a new tax.

As previously stated, there is no historical data that justifies the need for a new tariff, aside from an increase in fuel prices. Questions arise as to whether fuel consumption increased in 2023 compared to 2022 and 2021, and if so, why. It is also unclear whether the commercial operations of NLP necessitate a larger power demand and whether the commercial and commercial-residential rates are adversely affecting other TUID power users. Additionally, it is important to determine if the current rates are sufficient to sustain the power plant now and in the future.

All I am asking for is an assurance that each stakeholder is treated fairly and that rates are equitable for all parties. I do not believe the TUID Board or NLP can adequately address this issue without conducting an independent rate study for **ALL enterprise funds**. Such information is crucial for the TUID Board and future boards to make informed decisions.

Having a rate study does not obligate its implementation. To be frank, I suspect mistakes were made in 2023 and led to higher fuel consumption. While I am willing to pay more to assist in covering this one-time shortfall, I am not prepared to do so if it means supporting poor business decisions. It is widely acknowledged that conducting a rate study is the right course of action for TUID solvency.

Lastly, I would like to express my opposition to any further liquidation of TUID assets, particularly the mobile home. The Chief Operations Manager of NLP has repeatedly hinted that he would withdraw his cooperation if a rate study were funded. While I may not consider myself highly knowledgeable, such statements certainly raise my suspicions. The TUID Board appears to be coerced into making suboptimal business decisions. TUID is burdened with debt obligations amounting to \$382,000.00 for a power plant that is approaching the end of its operational lifespan, without any contingency or replacement strategy in place other than *"sell the trailer"*. Furthermore, TUID is unable to accurately evaluate the long-term operational costs as it cannot lawfully justify the tariff without conducting an independent rate study. If this situation persists, where minor issues disproportionately influence major decisions, bankruptcy seems unavoidable. While a fuel tariff might offer a temporary fix, TUID will face insolvency when one or both of the generators become inoperable.

I realize this situation presents an ethical dilemma for some TUID Board members. It certainly isn't as straightforward as it seems. This decision will have a broad range of impacts if passed without a commitment to an independent rate study.

Please consider my opposition during the public hearing.

Sincerely,

Rodney Hurst