



**MINUTES FOR THE REGULAR MEETING
OF THE POWER BOARD
OF THE CITY OF SPRINGVILLE, UTAH
DISTRIBUTION CENTER
FEBRUARY 12, 2014 – 6:30 A.M.**

MEMBERS PRESENT: Councilman Craig Conover, Chairman David Neilsen, Jason Miller, Rod Andrews,
Darrin Wolz, Clair Anderson

MEMBERS ABSENT: Tom Hawks, Travis Ball, Leon Lee

DEPARTMENT STAFF: Leon Fredrickson, Matt Hancock, Brandon Graham

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

CALL TO ORDER

The meeting was called to order at 6:31 a.m. by Chairman Neilsen. The members were in attendance as listed.

INTRODUCTION OF NEW COUNCIL MEMBER

Mr. Craig Conover is a life-time resident of Springville. He has previously served on the Council and Power Board during 2000-2004. Mr. Conover managed the Springville Herald until its retirement and he is currently employed by the Daily Herald in Provo. He also provides sound and lighting for numerous local entertainments. The Board members present introduced themselves to Mr. Conover.

APPROVAL OF THE MINUTES

A motion to approve the January 8, 2014 meeting minutes as written was made by Clair Anderson. The motion was seconded by Darrin Wolz and was passed by a unanimous vote.

BUSINESS

1. RESOURCE AND RATE FINANCIAL REPORTS

- a. **ELECTRIC FUND INCOME STATEMENT ENDING DECEMBER 31, 2013:** Mr. Fredrickson reported that the revenue versus budget on retail rates is at 50% or higher across all rate classes. Sundry revenues are up due to the South State distribution line section that was purchased by Spanish Fork. The Impact Fee budget will need to be amended to represent the Outlook at Aldarra Subdivision construction. Revenue is at 53% collected with 50% of the fiscal year elapsed. Distribution is 45% of budget expended and Generation is at 51% expended.
Capital projects that continue to move forward include the Industrial Park Upgrade, K2 Governor Upgrade, and the Asset Management program. Mr. Hancock has completed a partial replacement of the WHPP Facility roof, and the dispatch office remodel is continuing. Impact Fee projects include the relocation of the 900 N. Substation transformer. The transformer is being repaired and should ship from Denver around the week of April 7, 2014. Line crews continue to replace power poles in the T&D Circuit Replacement project.
Power and Gas outside purchases show the SUVPS budget is 50% expended and the outside power purchase budget is at 52% expended.
- b. **FY14 kWh SALES AND RATE REVENUE REPORT – AS OF JANUARY 31, 2014:** The report shows, that with 58.3% of the fiscal year elapsed, 147 million kWh have been delivered to Springville customers. That equates to 61.92% of the approved budget. \$14.6 million has been collected from those sales, or 62.24% of the approved budget. All City meter have been moved out of the small commercial category causing a decrease of sales in the fiscal year to fiscal year comparison.
- c. **RESOURCE COST REPORT – DECEMBER 2013:** Mr. Hancock reported that in the week before the meeting power costs on the daily spot market jumped to the \$300.00 / MWh range and gas costs were in the \$30.00 / DTH for a couple of days. Staff had to get creative in purchases and also required the service to MACA to be interrupted as per the interruptible rate requirement. The month of December was in line with expected purchases and costs. The resources were received as follows: CRSP, \$28.00 / MWh; San Juan, \$69.00 / MWh; UAMPS Pool, 3.7 million kWh at \$46.00 / MWh. Power costs are starting to

increase for the warmer months. The 5 MW base load PX purchase was received at \$58.90 / MWh. Nebo produce 7.2 million kWh at a cost of \$74.00 / MWh. Horse Butte wind came in at \$81.00 / MWh due to a lower than expected power load factor. The total UAMPS bills for the month was \$58.00 / MWh with the total overall monthly power cost being \$59.61 / MWh .

2. RESOURCE DISCUSSION

- a. UAMPS PROJECTS: UAMPS staff are on draft four (4) of the proposed budget. The budget year will start April 1, 2014.
 - i. San Juan – The budget is proposing to run at \$66.00 / MWh, with no outages scheduled. The capital budget on the project has been increased for the installation of the Selective Non-Catalytic Reduction (SNCR) equipment, once they are required by the EPA and the New Mexico State Implementation Plan (SIP). A ruling is expected at the end of the year. Negotiations are being conducted for the payment of exit charges to the entities that want to leave. Current and new members should not have to carry the full capital burden of the upgrades on Unit #4 related to the installation of the SNCR.
 - ii. Horse Butte Wind – The project had a 32% power factor for the month of December. The avian protection plan continues to move forward. This plan is being put in place to show good faith by all the members of the project at the local level that they are managing their systems to deter the death of an endangered or protected bird. Staff is working towards application of a “take” permit from the Fish & Wildlife Service for the site. Part of the permit might require some protection mitigation at the wind farm site.
 - iii. CRSP – Staff is hoping for continued hydrology improvement in the Colorado Basin area. This may increase the output from the project for the coming spring and summer season.
 - iv. Board of Directors – A short highlight was listed from the operating reports. There is pressure in the natural gas pricing. The average gas index for December was \$5.02 MMBTU. There is benefit in the projects with gas contracts to stabilize the variable fuel cost.
- b. RESOURCE PLANNING: Mr. Hancock and Mr. Shawn Black presented an overview of the City’s load profile during the last City Council meeting. A copy of the handout given to the Council was provided for the Board members. The proposed engine purchase was not discussed. Staff is still looking for the best economic benefit to add to the resource mix. The handout detailed the peak usage, Nebo output, and nighttime base load. Mr. Hancock noted that Nebo is 1:1 shaft and that any damage to the project would cause serious problems for Springville. The UAMPS pool and PX are being heavily relied on to meet the nighttime base load. The low cost of the resources available during low load hours (LLH) there have been very beneficial for the resource portfolio of Springville. This is not a guaranteed price and can change in an instant, leaving Springville vulnerable. The staff was given direction from the City Council to firm everything up in an effort to stabilize the power rates. A few different options are available. A 10 MW purchase, the installation of a new engine, forward buy fuel and base load existing engines, and any combination of a contract purchase and / or new generation. The Board felt that a combination of resources was the best way forward. The following recommendation motion was made by Darrin Wolz. The motion was seconded by Clair Anderson. The motion was passed by a unanimous vote.

IT IS THE RECOMMENDATION OF THE SPRINGVILLE CITY POWER BOARD TO THE SPRINGVILLE CITY COUNCIL THAT THE FOLLOWING MOTION BE CONSIDERED. THE MOTION STATES THAT THE SPRINGVILLE CITY COUNCIL SHOULD PURSUE THE PURCHASE AND INSTALLATION OF ONE (1) CAT OR SIMILAR ENGINE AND THE GAS CONTRACTS NECESSARY TO FUEL THE PROJECT AND THEN OBTAIN FIXED POWER CONTRACTS ON THE MARKET TO A TOTAL OF 10 MW OF POWER.

3. RATE DISCUSSION – SMALL COMMERCIAL: Mr. Fredrickson was directed by the City Council to identify the large commercial customers with a demand over 35 KW. Seventeen (17) of those customers use more than 200 kWh per billing cycle. Smaller businesses in this category have a tendency to see total costs of delivered electrical service between \$.13 to \$.15 per kWh. This is based on a large demand and low energy usage that doesn’t allow benefit of the lower rate tiers in the rate table. A split of the category would allow for smaller

businesses to have a more manageable rate and would make Springville more attractive to new businesses. Staff will do additional investigation on the business usage.

REPORTS

1. DISTRIBUTION: Board members were asked to review the report at their convenience.
2. GENERATION: Board members were asked to review the report at their convenience.

OTHER

Board members were asked to consider names for appointment to the Board to fill upcoming vacancies.

ADJOURN

A motion to adjourn the meeting was made by Darrin Wolz. The motion was seconded by Clair Anderson and was passed with a unanimous vote. The meeting was adjourned at 8:12 a.m.