



POWER COMMISSION BOARD MEETING

MEETING MINUTES

January 10, 2023

MISSION STATEMENT

Kaysville City Power and Light's Mission is to safely provide reliable electricity with superior customer service at a competitive price to the residents and businesses in Kaysville City.

1. APPROVED

Kaysville City Power Commission held a Power Commission Board Meeting at 7:00 p.m. in the Kaysville City Council Chambers located at 23 East Center Street, Kaysville, Utah.

Present: Chairman Alan Farnes, Co-Chairman Brent Dewsnap, Board Member Alan Quigley, Board Member Grey Turner, Board Member Edward Mignone, Board Member Quan Nguyen.

Others Present: Kaysville City Power and Light Power Superintendent Brian Johnson, Bruce Rigby, Resource and Service Manager, Stacie Harward, Administrative Assistant, Resident Brian Gough, Resident Laurene Starkey, Resident Val Starkey, Resident Brigg Lewis, Resident H. Lynn Galbraith, Resident Carole Walker, Resident Rich Shaw, Resident Ross Eveson.

Excused: City Councilman Nate Jackson

Opening Provided by Chairman Alan Farnes

Prayer given by Co-Chairman Brent Dewsnap

Mission Statement read by Chairman Alan Farnes

INTRODUCTION OF NEW BOARD MEMBER- MR. QUAN NGUYEN

Mr. Quan Nguyen introduced himself as the new Power Commission Board Member. He was appointed by Mayor Tamara Tran to replace Board Member Krista Keetch. Mr. Nguyen's appointment will expire in February of 2025. He grew up in California in the Silicon Valley in the 80's. He moved here to Utah from California.

POWER RATES

Power Superintendent Brian Johnson described how we are experiencing unprecedented time with government mandates when it comes to coal shortages and natural gas shortages. Power generating plants have been taken off line for maintenance. This is causing some plants to be working at partial capabilities. The whole country is running into these issues and shortages. This is causing the cost of power to dramatically increase over last year. We have seen a lot more purchasing of power on the open market due to that our resources are not able to provide the same amount of power as they have in the past. This issue has driven up power rates. At the last UAMPS meeting there was a survey taken on how many cities were looking into increasing their rates. At that time, there were 13 that were going to raise

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their rates. That was 6 weeks ago and Power Superintendent Brian Johnson is confident that since then every single utility power provider in Utah and surrounding area will be increasing their rates in the very near future. There is a need to make up the difference in power rates for this unique time that we are experiencing.

For the very first time in the history to our knowledge, we experienced a power cost deficit in the last two months. This is very alarming to the city. Kaysville City Power and Light does have reserves and have budgeted accordingly for these types of things. We do not want to use reserves if it is not necessary. Power Superintendent Brian Johnson has asked the Power Commission for a recommendation on what direction they would like to see us proceed. We can then come back to this issue and further discuss rates. The last time a rate increase was implemented was quite a few years ago. Last time rates were increased, the Power Company went out to a third party and had them do a rate analysis. We also had a board member on the commission that worked for Dominion Energy. He took that information and was able to put all the numbers and figures together and come up with a recommendation. At the present time, we have a fixed rate up to 1000 kWh. Above that, we have a tiered system. This is a common way of doing the rate increases. It was also pointed out that a flat rate across the board and leave it how it is at the present time. We would adjust the rate from 1-1000 KWH for both residential and commercial accounts. We would adjust accordingly after those amounts. Mr. Jordan Stephenson did that rate increase presentation last time and it was suggested that he be asked if he would be willing to do that for us again.

This rate deficit was caused by power purchases above our contractual amounts. This was not caused by a particular project or operational costs. The recommendation was to get a third party to study the rate increase. We are experiencing around the clock usage and higher than normal usage. We are seeing what we usually see in the summer time. Residents are using more power than they have in the past during the winter months. Power Superintendent Brian Johnson, Resource and Service Manager Bruce Rigby and the City Financial Director feel that the sooner the better that we address this issue. If a rate increase is found to be necessary, it will be separate from other budgetary discussions. The best option would be to implement the rate increase in the Spring or the Fall time period. Costs have gone up due to coal being shipped overseas, Union Pacific is not delivering as per usual, Coal is being stored for the summer season and we also had a power resource have a maintenance issue with a delivery of a turbine that was being replaced. This resource usually covered all of our power demands for the winter. Power Superintendent Brian Johnson will do some research with other municipalities to find out what their plans are when it pertains to rate increases.

Chairman Alan Farnes made a motion recommending to that a study be done on rate increases. Board Member Grey Turner seconded the motion. Motion passed unanimously.

KAYSVILLE CITY ORDINANCE 4-2-7 "ELECTRIC REVENUES AND RATES"

The Kaysville City Council is considering amending this ordinance. The ordinance is clear in the terms of the purpose and use of the electric fund. Funds from the Electric Fund can be used for either the appropriate use from an electric utility perspective or avoidance of rate increases in the future. The Power Commission feels the fund should be limited to anything associated with the power department. The concern is the City Council is considering using Power Department cash reserves. If a project is being considered there needs to be a significant reserve over and above what the project calls for. Some projects are multi-million dollar projects. If money is being siphoned off a little bit at a time every year. This fund can't build up enough to fund the bigger projects. The Power Commission is worried how the ordinance is written. It says that funds may be redistributed to other City needs that encourage the health, safety and welfare of the citizenry. There is always money that can be justified to use for this purpose but it cuts into the Power Reserves, that is the big concern. The concern also is how the Ordinance is written somewhat vaguely.

The City Council has tabled this matter for a few months and it is being extended for a few extra months due to Shane Scott the City Manager resigning. Power Superintendent Brian Johnson has related to the City Council that there is a threshold of reserves that needs to be increased and also that power rates need to be increased. He also let them know that there were several large projects coming up in the near future. He let them know that there is a greater level of reserves to prepare for those larger projects. The reserves are based on what UAMPS recommends. The recommendation is 6 months of power rate or power purchasing. This recommendation is not enough for future projects that is in the plan for the future. He would like to encourage them that the excess be at a higher level in benefit for our future in the Power Department. The Power Commission is very concerned that the City Council will take the surplus for City Projects and deplete the Power Reserves.

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A motion was made that the Power Commission have the recommendation to City Council to keep the ordinance wording as is currently stated and adopted for the city based upon the rationale that we have operating, financial and rate projection needs. The electric fund is dedicated to support and will not be used for other purposes. Motion was made by Board Member Brent Dewsnap. Seconded By Board Member Grey Turner. The motion passed unanimously.

POWER GENERATION

Power Superintendent Brian Johnson brought some information to the board about Power Generation. He was able to get information from Hyrum City. Hyrum City has already started this process. The Generation option to Kaysville's unique power grid layout and potentially some of the issues or dynamics of power generation and how beneficial it may actually be to our system. UAMPS sent out a request to all municipalities that would be interested in in-house natural gas generation. There was a very large response from the members of UAMPS. There are a lot that are looking into this and what it can do for them in peak shaving and opportunities it will present. One of the dynamics that needs to be taken into consideration is the high cost of Natural Gas at this time. Also if they can even feed this type of facility. So obviously, this is just in the discussion phase. Power Superintendent has let the City Council know that this is something he is looking into. He just wanted a little bit more input and thoughts on this matter from the Power Commission.

Hyrum City is currently installing 7.8 generation with the intent that they would increase it another 7.8 after this installation. Their facility is being built according for an additional generating generator. Santa Clara and Hurricane City have already implemented this, this will basically allow them during peak time to shave those capacities or rates down so that we are not purchasing power on the open market. Hyrum City feels confident that they will be able to have a 20 year buy off or sooner. Due to the savings that this would give them the ability to generate their own power versus purchasing power. Kaysville City Power and Light has a unique dynamic where we have two different transmission feeds. We would be able to have our own transmission that ties between two substations that we would be able to utilize. UAMPS, at the moment is saying that they will fund it if we decide to build this option. This will also benefit UAMPS. We will not have to go out and get bonding and UAMPS will finance through them. They will also take care of the bids. Board Member Grey Turner wanted to know if we had to use UAMPS or are we able to use other manufacturers or other entities. Some of the challenges are that it could require 24 hour staffing which UAMPS could monitor from their side. This once again is just in the discussion stage. Power Superintendent Brian Johnson is curious what other cities are doing and what their plans are. The other cities that have natural gas generation are increasing their capacities due to the benefit that provides to them. Natural Gas generation helps with keeping cost down and keeping rates at a flat rate. The return on the investment is what it will allow us to do and it will be beneficial in helping us to be able to keep at a more flat and steady rate. It will also help us to purchase at a flat rate. Some of the downfalls is working around infrastructure and the ability of Questar Gas to be able to provide to the substations. More information needs to be gathered on this matter.

CALL TO PUBLIC

Mr. Lynn Galbraith addressed the commission. He is very happy that the Power Commission is in force and that they are diligently looking out for the public. He gave a brief history about Prop 5 and how it came about. His biggest concern is that money from the power fund is being used for other city projects and purchases and not being put back into the power infrastructure.

Mr. Val Starkey addressed the Power Commission. He has lived in Kaysville for 17 years. He wanted to address the commission by making sure they knew that he first and foremost supports Prop 5. His concern is if Kaysville City Power and Light has a spare transformer? He is hoping that we can get one in the future in case of sabotage or damage. The Power Department does have options of moving our load to other substations if we lose a transformer.

Mrs. Laureen Starkey addressed the Power Commission. She is concerned that money from the Power Fund is being used for power needs and stays in the Power fund.

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ADJOURNMENT

Board Member Grey Turner made the motion to adjourn the meeting at 8:42 p.m. Seconded by Board Member Edward Mignone. The motion passed unanimously.

Stacie Harward

Stacie Harward
Kaysville City Power and Light
Administrative Assistant