

RECORD OF PROCEEDINGS

Town of Estes Park, Larimer County, Colorado, February 16, 2007.

Minutes of a Regular meeting of the **UTILITIES COMMITTEE** of the Town of Estes Park, Larimer County, Colorado. Meeting held in the Town Hall in said Town of Estes Park on the 16th day of February 2007.

Committee: Chairman Homeier, Trustees Newsom and Pinkham
Attending: Chairman Homeier and Trustee Pinkham
Also Attending: Administrator Repola, Utilities Director Goehring, Finance Officer McFarland, Town Clerk Williamson
Absent: Trustee Newsom

Chairman Homeier called the meeting to order at 8:00 a.m.

PUBLIC COMMENT

None.

LIGHT AND POWER DEPARTMENT

Wind Energy Surcharge – Request Approval.

Platte River Power Authority (PRPA) reduced the wholesale rate the Town of Estes Park and other member cities pay for renewable energy by 50%, from \$.024/kWh to \$.012/kWh. Customers have been notified of the proposed change and of the public hearings. Staff recommends that the Town of Estes Park reduce the retail rate charged to its customers to \$.013/ kWh, which is in line with the rate other member cities (Fort Collins, Loveland, and Longmont) are charging. An Ordinance will be prepared for the February 27th Town Board meeting and, upon approval, will become effective March 1, 2007. After further discussion, the **Committee recommends approval of the surcharge rate as described above.**

Light and Power Policy Manual Update– Request Approval.

The Light and Power Department Policy Manual contains Procedural Policies and Tariffs which are periodically updated. Staff requests approval to update the Light and Power rate schedule with the 2006/2007 rates. The **Committee recommends approval of the updates to the Light and Power Policy Manual as outlined.**

Financial Assistance Resolution – Request Approval.

In 2005, the State of Colorado adopted the “Low Income Energy Assistance Act.” This act instructs and encourages utilities to solicit monetary donations to be used to assist customers who are financially unable to pay their utility bills. The donated funds are collected by the utility and then forwarded to a PUC-approved non-profit organization such as Energy Outreach Colorado that then distributes the funds to local agencies, like Crossroads Ministry, to be distributed to qualifying customers.

The Low Income Energy Act, Section 40-8.7-106 (2) provides that, if a municipally-owned electric utility determines that the service area of such utility has a limited number of people who qualify for energy assistance, said utility may be exempt from the obligations of the Act. Due to the limited number of eligible customers within the Town’s service area, it is the opinion of Town Attorney Greg White that the Town is exempt from the provisions.

Staff requests approval of a Resolution to exempt the Town of Estes Park, Light and Power Department from the Low Income Energy Assistance Act 40-8.7-106. Additionally, staff requests approval for the Light and Power Department to donate \$500/quarter to Energy Outreach Colorado to be earmarked for water and electric bills

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of customers in our service area (\$2,000 unbudgeted monies 502-6401-550-29-07). The **Committee recommends approval to 1) opt out of the Low Income Energy Assistance Act with the proposed Resolution; 2) donate \$500/quarter to the program; 3) a follow-up report be provided on how the funds were used.**

Authorizing the Mary's Lake Substation Upgrades – Request Approval.

Dir. Goehring informed the Committee that to ensure electrical system redundancy and reliability, distribution system improvements must be made including the replacement of the Mary's Lake substation. These improvements have been scheduled for 2008 at an estimated cost of \$6,000,000: \$4,000,000 to replace the substation and \$2,000,000 in distribution system improvements. Upon finalization of design for distribution system improvements, bids will be presented to the Committee for approval in 2008. Platte River Power Authority (PRPA) will design-build the substation with the Town reimbursing PRPA for all costs at the end of the project. To meet the 2008 construction schedule proposed by PRPA a portable substation needs to be rented from Western Area Power Administration and two 25 MW Transformers must be ordered due to the estimated year for delivery. Staff requests approval to send PRPA a letter formally authorizing them to proceed with the replacement of the Mary's Lake substation.

The Light and Power financial plan presented by HDR in January 2007 outlined that a bond would be required to pay for the project with an electric rate increase of up to 2.5%/year for six years beginning in 2008 to pay the debt service for this project. After further discussion, the **Committee recommends the upgrades to the Mary's Lake Substation be presented as an action item at the February 27th meeting with the anticipated costs of the entire project presented.**

WATER DEPARTMENT

Water Policy Manual Update – Request Approval.

Dir. Goehring requested approval to update the Policy Manual with a new Water Rate schedule through 2008 and update system connection charges with 2004 Water Rights fees. The **Committee recommends approval of the updates to the Water Policy Manual as outlined.**

Proposed Water Leasing Policy – Request Approval.

The Water Department owns 300 acre-feet Windy Gap, 500 acre-feet USA and 1,217 acre-feet CBT for a total of 2,017 acre-feet of western slope water. Depending on how much Windy Gap Water is ordered and the CBT allotment, the Town's average yield is 1,400 to 1,700 acre-feet of water. This amount, combined with the average 950 acre-feet eastern slope water used at the Glacier facility, totals 2,400 to 2,700 acre-feet available annually to the community. Total water available for 2007 is estimated at 2,632 acre-feet and a production demand estimate, based on a 10 year average, of 1,613 acre-feet of water in 2007 resulting in a surplus of 1,019 acre-feet. Staff recommends adoption of a policy that would allow the Water Department to lease up to 80% of the projected surplus (815 acre-feet in 2007) annually at an average cost of \$25/acre-foot with estimated revenue of \$23,500. The remaining 20% surplus would result in an additional 45 day supply for the Town. After further discussion, the **Committee recommends approval to 1) lease surplus water at 70% of the calculated surplus for 2007; 2) yearly surplus water calculations to be conducted in December/January and presented to the Committee for annual lease approval; 3) Water Department to report quarterly on the leased surplus water and revenues generated.**

System Development Fee and Water Demand Study – Request Approval.

The Mary's Lake Water Plant is scheduled to be upgraded in 2008 as presented in the HDR financial plan at the Utilities Committee meeting in January 2007. Modifications include new treatment technology (membrane filtration) and increased capacity (up to 4 MGD). The cost of this project, estimated at \$5,100,000, would be shared by existing and new customers due to the increase in capacity and system buy-in. The facility's ability to meet future peak demands, the Town's current water rights and future water

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rights requirements need to be evaluated. HDR Engineering has completed some of the initial work; therefore, would be qualified to evaluate these items without duplication of effort. The scope of services would include the following:

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|-------------------------------------------------|-----------------|
| 1. Potable water demand projection through 2030 | \$23,810 |
| 2. System Development Fee Charge | <u>\$15,710</u> |
| TOTAL: | \$39,520 |

Staff recommends contracting with HDR Engineering to estimate peak demand, water rights requirements, and develop a system development fee charge at a cost not to exceed \$39,520 (503-6500-560-22-07). Additionally, some of the figures used and developed by HDR could be incorporated in the comprehensive plan update. **The Committee recommends contracting with HDR to provide water demand study through 2030 and a recommended system development fee at a cost not to exceed \$39,520 (503-6500-560-22-07).**

Reports

1. **Light and Power Dept. Financial Report** – Dir. Goehring and Dir. McFarland reviewed the report.
2. **Water Financial Reports** –Dir. Goehring and Dir. McFarland reviewed the report.

MISCELLANEOUS

Update of the Comprehensive Plan has been assigned to the Utilities Committee. Each Committee member will be given a copy of the plan for review and a timeframe will be discussed at the next meeting. A scope of services will be drafted and an RFP produced once the Committee has determined which sections of the document should be updated.

There being no further business, Chairman Homeier adjourned the meeting at 9:25 a.m.

Jackie Williamson, Town Clerk