

PAROWAN POWER BOARD MINUTES
APRIL 18, 2024
CITY OFFICES – 35 EAST 100 NORTH – 5:00 P.M.

MEMBERS PRESENT: Jared Burton (Chair), Jeremy Franklin (Power Superintendent), David Harris (Council Representative), Sharon Downey (Council Representative), Dan Jessen (City Manager), Stacy Gale (Secretary).

MEMBERS ABSENT: Greg Evans, Jeff Robison.

PUBLIC PRESENT: None.

CALL TO ORDER: Jared Burton called the meeting to order at 5:40 P.M.

DECLARATION OF CONFLICTS WITH OR PERSONAL INTEREST ON ANY AGENDA ITEMS: None.

APPROVAL OF MINUTES: Sharon Downey moved to approve the minutes of February 27, 2024. Jared Burton seconded the motion. All members present voted in favor of approval. The motion carried. The minutes were approved.

ELECT NEW CHAIR: Dan Jessen said the code says anytime the board changes a new chair needs to be re-elected. Sharon Downey nominated Jared Burton to be the new Chair. David Harris seconded the motion. All members present voted in favor of the motion. The motion carried.

PCA (POWER COST ADJUSTMENT) DISCUSSION: Jeremy Franklin said we have talked about this a lot. He said right now with the preliminary numbers from the UAMPS bill, the PCA spreadsheet says we should be 3.6 cents for next month. We have adjusted from the spreadsheet in the past. Jeremy asked what do we want to do? What are the next steps? Jared asked David Harris what his thoughts were; David said he thought we should follow what the PCA spreadsheet states, and write-off the under collected. Jared asked Dan how he felt about that; Dan said it is a policy decision. He said it is not going to cripple the power company, we are financially stable, but it is a lot of money. We are about \$600,000 under collected. Jeremy said the more we bring it up in public meetings and discuss it, it builds more tension with the citizens. He doesn't like we show a \$600,000 under collection, but like Dan said, it is not crippling the department. Dan said since Councilman Harris requested this be put on the City Council agenda to follow the PCA spreadsheet and forgive the under collected, we wait and see how it plays out at. He said since the City Council will be discussing it, we should see how that plays out and not rock the boat in this meeting. Jeremy said the timing of everything like the UAMPS bill, this meeting, and the City Council meeting, it almost gets to be too much if we don't follow the PCA spreadsheet, but at the same time, if we follow the spreadsheet and we still want to look at the under collected, we could just add a half a cent in the spreadsheet to address under collection as an option. Jared said his concern with this is if we are going to follow the spreadsheet, it can jump every month and customers can't budget what it's going to cost every month. Dan said he suggested in the last meeting to stretch it out to a 12-month average because it would be less

variable, so when it does move, it would move less. Jeremy said at the UAMPS Tool Kit meeting in St. George yesterday, UFS was there to give a presentation. He talked to Chris Lund and his wife, and they said normally you get a PCA in place and if you get stuck with a higher number, the best thing to do is adjust our rates to take a little out of the PCA and move it to our regular rate and leave a lower PCA. Chris Lund would like to meet with Dan and Jeremy to look at the next years rates. Jeremy said he will probably suggest that we do this. Jeremy said he thinks if we change the regular rate with a lower PCA the customer won't see a spike, it'll level off more.

Sharon said she is under the opinion that we need to pay the city back the under collection. Jared said the power company's money is their money; he doesn't think the city should use that money to fund other projects or departments. Dan said state code says if this happens it should be done as a loan with a term and payback schedule.

Jeremy said in his meeting yesterday they said that normally power supply costs are 60-80% of the power departments budget. They also said if they take nothing else from that meeting, the number one thing is we need to have a PCA.

Dan said 2 things should be done in the April 25th City Council Meeting. It should be decided where the decision is going to be made going forward, how does the new council want to manage the PCA. And there needs to be a decision on the under collection.

UAMPS UPDATE: Jeremy Franklin said at next week's City Council meeting the CEO of UAMPS, Mason Baker, will be there. Dan asked what would be a good question for him to answer or discuss strategically for our citizens. Securing future resources was suggested. Jeremy said in Mr. Baker's presentation he talked about the strategic initiative and the things UAMPS is already doing. He also talked about a member financial health check; the UAMPS bond rating is based off of the memberships bond rating. Dan said one of the biggest factors on our bond rating is our cash reserves; if we don't have a certain level of cash reserves it can affect the borrowing of the entire project. Jeremy said we don't want to be the one member out of 20 members that makes the interest rate higher on a project. Dan said the number one thing in their presentation is have a PCA, the number two thing is to have a cash reserve policy. There was a discussion on the policy we have now and that we need to follow through and update it.

Jeremy said we have an entitlement of 500KW with the Fremont Solar Project that will be built out west and tie into the Parowan Valley Sub by the Parowan Gap. It has a 4-hour battery with it. He has a meeting with Rocky Mountain Power on May 1st for a site visit. Jeremy said it will need to be taken to City Council by July 15, 2024 for approval. We have a Power Purchase Agreement with this project. Jeremy said the price is \$68/MWH with full battery usage.

UAMPS is looking at 2 new gas plants; one is a 300MW combined cycle plant and the other one is a 200MW Peaker. They are looking for locations and having an engineering firm do studies on where to site them based off of transmission, location, gas location, what else in the area as far as business and homes. This will be the short-term replacement for nuclear. This is just in the study budget phase.

They talked a little about a new wind farm that had a higher capacity factor than the existing ones. We will talk more about this later as it gets closer.

The level at Lake Powell is at 3,585 feet which is 168 feet above the Penstock. The inflow will start April or May. It is supposed to raise 30-50 feet.

The Hunter shutdown has been pushed from 2032 to 2042. There are some concerns if it will get to 2042 because right now there is an EPA rule that the federal government made us stay on it so it is frozen right now. Rocky Mountain Power has entered into a long-term coal supply; UAMPS is still working on getting the detail on that.

Jeremy said things are looking good.

RED CREEK HYDRO UPDATE: Jeremy Franklin said the Red Creek Hydro has been running since the middle of March, and has produced about 130KW which is a good production. It hasn't tripped off once since it was started which is unusual.

Jared asked what happened with Chuck Bentley. Jeremy said Sunroc was doing a stem wall around the plant to protect it from flooding. They exposed our pipeline to see where the wall footings would be and moved the footings for the wall out about 3 feet so it's not right on top of the pipeline. Chuck Bentley demanded the county pay for a by-pass valve and pipe for the farmers and told them the city was on board with it. The county engineer called Jeremy and he told them it does us no good to by-pass water for the farmers. If the farmers want it, they will have the cost; we may split the cost of new pipe. He told Chuck that they will have all cost and maintenance of the valve but the city will have 100% control of how it is operated because it's detrimental to the hydro; Chuck agreed. They want us to put in a basic butterfly valve; Jeremy said the rebuilt hydro is ran differently. If the plant trips off, the nozzle closes to 25 percent and that basically acts as a by-pass. The only time that shouldn't happen is if we have a problem with nozzle or deflector or hydraulic power unit. Jeremy said if they do anything to the pipeline, we will have to notify FERC and that could take months, and Bowen Collins can't push this project back for a by-pass valve. Jeremy said he thinks Chuck is good with the way the by-pass is now.

OTHER BUSINESS: Jeremy said Brad Remund is retiring May 15th so we have a job posting for a Lineman. The city also has hired a new Public Works Director.


STAFF & MEMBER COMMENTS: None.

PUBLIC COMMENTS: None.

ADJOURN: Sharon Downey moved to adjourn the meeting. Jared Burton seconded the motion. All members present voted in favor of adjournment. The meeting adjourned at 6:35 p.m.

Minutes Approved at June 20, 2024 Meeting


Jared Burton, Committee Chair


Stacy Gale, Secretary