

RECORD OF PROCEEDINGS

Town of Estes Park, Larimer County, Colorado, January 9, 2003

Minutes of a Regular meeting of the **LIGHT & POWER COMMITTEE** of the Town of Estes Park, Larimer County, Colorado. Meeting held in the Municipal Building in said Town of Estes Park on the 9th day of January, 2003.

Committee: Chairman Jeffrey-Clark, Trustees Gillette and Newsom

Attending: Chairman Jeffrey-Clark and Trustee Gillette

Also Attending: Town Administrator Widmer, Assistant Town Administrator Repola, Light and Power Director Matzke, Town Attorney White, Finance Officer Brandjord, Town Clerk O'Connor

Absent: Trustee Newsom

Chairman Jeffrey-Clark called the meeting to order at 8:00 a.m.

TEN-YEAR FINANCIAL FORECAST – PRESENTATION

The Committee reviewed a 10-Year Financial Forecast (long-term planning tool) as prepared by Max Kiburz/Kiburz & Associates (Rate Consultant). In summary, Mr. Kiburz stated that the forecast was based on the following assumptions:

- Growth in electric sales is forecast by growing the number of customers in each rate class; average use/customer is assumed to remain constant.
- Rate increases recommended by the 2002 Electric Rate Study will be implemented in 2003 and 2004.
- PRPA's wholesale rate will increase by 4% beginning in 2004.
- Operation and maintenance expenses are expected to increase 2%/yr.
- Excluding large capital projects recommended by the Long Range Plan, capital expenses are forecast based upon historical trends.

Graphs for financial detail, sales projections, revenues, operating expenses, PRPA purchased power costs, capital improvements and interest income were presented.

In summary, the financial forecast indicates that a rate study update should be performed during 2004 to facilitate a rate recommendation for early 2005. Staff is recommending the following financial goals be adopted:

1. Balance revenue and expenses by year end 2005.
2. Fund capital expenditures from operating revenues through 2010.
3. Establish a target for fund balance (excluding inventory) of 25% of operating revenues. This target should be achieved by year 2012.

Assistant Town Administrator Repola reported that Mr. Kiburz has provided a computer program that will allow staff to perform theoretical exercises that will in turn assist staff in updating the financial forecast model every year. Discussion followed on a rate increase v. an added-on surcharge, and staff's assurance that any future rate increases could be spread-out over a period of time in lieu of a substantial one-time increase. The Committee requested staff comment on this item during the public hearing scheduled January 14th. **The Committee recommends approval of the three financial goals as specified above**, and Light and Power staff, Mr. Kiburz, et al received kudos in responding to and working on this project.

OPERATION OF CABLE PUBLIC ACCESS CHANNEL 39 – DISCUSSION.

Town Administrator Widmer provided background information on the franchise agreement between Charter Communications and the Town. In summary, the agreement provides that the cable operator must provide certain hours of community programming. Traditionally, this service has been provided by Nick Mollé Productions/Channel 8. The Town has been approached by Curt & Cathy Gunther/Airbits, on the possibility of operating Ch. 39 (a public access channel) as a community television station.

Town Attorney White reviewed a 1993-94 lawsuit where a citizen sued Charter Communications and the Town for public access. The suit was settled with Charter agreeing to provide public access for 2-hrs./week, Monday-Friday on Channel 39. The Town Board adopted Resolution 15-94 approving the Settlement Agreement and conditions of operating Channel 39 for public access. In Attorney White's opinion, the Town would have an opportunity under the Agreement to proceed.

Ms. Gunther reported that Charter is in favor of their concept: "a 24-hr., local, daily, changing programming", that could include daily news, and information/involvement from the schools, senior citizens, etc.

Administrator Widmer suggested that it would be in everyone's best interest to consider an RFP process. **The Committee recommends staff proceed in preparing an RFP to lease Channel 39 for community and public access.**

Trustee Gillette departed the meeting at 8:40 a.m.

POLICY MANUAL AMENDMENT PERTAINING TO INTEREST RATE ON ELECTRIC DEPOSITS – APPROVAL.

In accordance with the Utility Deposit Policy contained in the Light and Power Department Policy Manual, the Town requires utility deposits for certain residential and commercial customers. Said Policy references the interest rate established by the Public Utilities Commission (PUC) as the interest rate to be paid by the Town on utility deposits. PUC has traditionally set the interest rate to be paid on deposits based on the average monthly rate in the secondary market for one-year U.S. Treasury Bills.

The Federal Reserve no longer reports on the secondary market for one-year Treasury Bills and the PUC has not established a new standard, and are continuing to use the 2002 rate of 4.32% until a rulemaking process can be completed.

The current interest rate earned by the Town for short-term investments is 1.85%; the current 2-yr. Treasury Bill rate is 1.7%. Based on customer deposits of approximately \$150,000, the recommended change will reduce interest paid on deposits in 2003 by approximately \$4,000.

Staff is recommending the Policy be amended to read as follows:

Electric Utility Deposit Policy, Paragraph (d): All cash deposits retained by the Town will accrue interest at the rate set by the Town's Finance Officer. The rate will be adjusted as of January 1st of each year to reflect the current market rate earned on Town investments. The 2-year Treasury Bill rate will be used as a benchmark. Accrued interest will be disbursed when the deposit is refunded to the customer.

Attorney White confirmed that the Town would not be placed in jeopardy as long as both inside and outside customers are treated in the same manner. **The Committee recommends approval of the Policy Manual amendment as presented.**

OWNERSHIP OF DISTRIBUTION FACILITIES – DISCUSSION.

The Committee reviewed a summary of the ownership of the following distribution system facilities:

- Substation Facilities. Under the Wholesale Power Contract with PRPA, the Town is to furnish the substation site and improvements, including grading, surfacing, access road, fencing, control building, and AC and DC service. Both of the Town's substations are located on BOR property under a Special Use Permit. PRPA is to install, own, and maintain switching and protective equipment of adequate design and sufficient capacity to deliver service to the Town's system at 115,000 volts. The Town is to install, own, and maintain the necessary substation equipment to take delivery of this service.
- Distribution Facilities. The Town owns all distribution lines within its service area. The service area is certified by the PUC, and distribution lines are located in public rights-of-way or easements.
- Service Facilities. Ownership of service facilities is detailed in the Light and Power Policy Manual. New customers pay all costs to extend the town's distribution system to the customer's point of service. In general, the Town installs, owns and maintains all transformers required to deliver service at the standard secondary voltages.

Service facilities are owned and maintained by the Town up to the point of service. There are situations (when a transformer is located on private property and serves only a single customer) where ownership of the transformer could be transferred to the property owner. This would reduce the Town's plant investment if implemented on a large scale. Customers would also be exposed to potentially prohibitive repair or replacement costs and may not necessarily eliminate the Town's exposure to nuisance lawsuits.

Attorney White provided background information on the Colorado Governmental Immunity Act as it relates to a current lawsuit where the Town was sued when a person tripped on a manhole that was approximately 4" above the ground. The manhole is located between two back porches (condominiums) outside the public way. Pursuant to this lawsuit, Attorney White stressed that the Town should be cognizant of potential similar situations when building new facilities.

BIG THOMPSON THREE-PHASE CONVERSION PROJECT – CHANGE ORDER PRESENTATION FOR INFORMATIONAL PURPOSES.

The Department is in the process of closing-out the Big Thompson Three-Phase Project. A punch list of work required to complete the project has been developed and staff expects to have a cost estimate from Hamlin Electric within the week. Qwest is requesting many items and they should be held responsible for funding same.

The original contract amount for this project (and Baldpate–Big Owl Three-Phase Project) was \$758,936. A previous change order request for the Baldpate-Big Owl Project was approved in November, 2002, thus the contract was amended to \$779,321 for both projects. The 2002 Budget amount for both projects was \$1,040,000.

Upon receiving an agreeable proposal from Hamlin, staff will proceed with completion of the project. If a commitment from Qwest is obtained, the Department would hire Hamlin and bill Qwest—all within limitations of the budget.

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TRENCHING CONTRACT – APPROVAL.

Two small underground projects (Stanley Heights relocation of approximately 450' of overhead single-phase primary underground and the Dry Gulch relocation of approximately 570' of existing direct-bury primary line and conduit installation) were bid with the following results:

TA Enterprises	\$ 9,238
Duell Excavating	\$17,680

Director Matzke explained the unusual circumstances of the Stanley Heights relocation where a customer paid for underground service (perhaps in the 1960's). The customer believes that the Town constructed an overhead line across the property owner's site to serve a neighbor.

Discussion followed on precedence-setting policy, with the **Committee recommending the request for the Stanley Heights portion of this project be denied at this time, proceeding with the Dry Gulch portion in the amount of \$4,979.50.**

REPORTS.

Platte River Power Authority. No report at this time.

Financial Report. The Committee reviewed the November Income Statement and associated graphs. Discussion followed on the delay between financial reporting and the Committee meeting schedule, with **Finance Officer Brandjord and Light and Power Director Matzke working on improving the financial reporting method or moving the Committee meeting to accommodate the financial report.**

Project Updates. Personnel: two employees retired in December – Ron Hersh and Ed Dragon. Todd Steichen has been named Interim Line Supt. and Rick Emerson was named Interim Crew Chief. The Line Supt. position has been advertised nationally, however, in-house employees may apply as well. A final selection should be made by the end of March, and a former journeyman lineman has been re-hired and he will begin work January 20th. Administrator Widmer noted that the line crew is moving forward with a positive attitude, and workspace improvements are being made.

The decorative light replacements have been ordered, and a savings of approximately \$400/fixture has been established. The first installation scheduled at Performance Park (15), and Chairman Jeffrey-Clark suggested a ribbon-cutting event be scheduled honoring the Team's efforts on this project.

The Electric Rate hearing is scheduled 1/14/03, and staff has received a limited number of telephone calls.

Approximately 25-50 emergency beacon lights have been sold thus far.

There being no further business, Chairman Jeffrey-Clark adjourned the meeting at 9:34 a.m.

Vickie O'Connor, CMC, Town Clerk