

RECORD OF PROCEEDINGS

Town of Estes Park, Larimer County, Colorado, May 8, 2008.

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 8th day of May 2008.

Committee: Chairman Homeier, Trustees Blackhurst and Ericson

Attending: All

Also Attending: Town Administrator Halburnt, Deputy Town Administrator Richardson, Utilities Director Goehring, Finance Director McFarland, Deputy Town Clerk Deats

Absent: None

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

PUBLIC COMMENT

Jon Little, Platte River Power Authority (PRPA) Community Relations Manager, presented an overview of PRPA's role as it relates to the operation the Light and Power Department. He spoke to the partnership between the Town and PRPA; the composition of the PRPA board; new equipment installations; expansion of efficiency programs; new wind acquisitions; and measures being taken to comply with EPA standards to reduce emissions of mercury and carbon dioxide. He stated that PRPA makes every effort to be a steward of the environment and provide reliable power at a low cost.

FUNDING REQUEST – SUSTAINABLE MOUNTAIN LIVING CANVAS BAG PROGRAM.

This request was removed from the agenda and will be addressed during the upcoming Community Services Grant budgeting cycle.

LIGHT & POWER DEPARTMENT

SMALL WIND ENERGY PILOT AGREEMENT – REQUEST APPROVAL.

In March 2008, the Light & Power Department submitted a form to the State of Colorado Governor's Energy Office (GEO) indicating interest in partnering on a Small Wind Energy Pilot Project. This is part of the Governor's "New Energy Economy" initiative, and integrates with the recent passing of HB-1160 that requires utilities of 5,000 customers or more to provide net metering for small renewable projects. The Light & Power Department has been selected to participate in this 50/50 cash match incentive program. Citing concerns over global warming and climate change, staff recommends entering into an agreement with the GEO for matching funds of \$25,000 from account #502-6501-560-2202, to be used towards the promotion and development of small renewable wind energy in the Estes Valley through incentive rebates. Rebates are calculated at \$2.00 per watt for customers who install on-site generation, not to exceed \$10,000 for one system. Rebates will be made available upon completion of the project and based upon system manufacturer's output rating. The purpose of the program is to make renewable energy attractive to customers and is geared to reduce their monthly energy bills. Rebates will be available to those installing new residential or commercial systems and not retroactive to previously installed systems. Staff will prepare a press release and advertise the program for a required 30 day period. **The Committee recommends approval on the consent agenda of the Small Wind Energy Pilot Agreement with the State of Colorado Governor's Energy Office as outlined, with the initial investment of \$25,000 from account #502-6501-560-2202.**

METERING VAN REPLACEMENT – REQUEST APPROVAL.

The 2008 Vehicle Replacement Fund includes \$42,000 for the replacement of Meter Department Van 93316B. As discussed in budget sessions and at the February Utilities Committee meeting, staff recommends transferring this van from the Meter Department to lighter usage in the IT Department. In addition, staff recommends transferring the Assistant to the Utilities Director's Ford Explorer to the Meter Department, and replacing it with a Hybrid vehicle to be built and delivered late in the fourth quarter of 2008. Bids for the Hybrid vehicle are as follows:

Sill-Terhar Ford – Broomfield, CO (State Bid Award)	
2009 Ford Escape 4x4 Hybrid	\$ 27,179
Phil Long Ford – Colorado Springs, CO	
2009 Ford Escape 4x4 Hybrid	\$ 28,800
Spradley Barr Ford – Ft. Collins, CO	
2009 Ford Escape 4x4 Hybrid	\$ 28,909
Burt Arapahoe Ford – Centennial, CO	No Response

Staff recommends transferring the above vehicles within the Utilities Departments and purchasing the 2009 Ford Escape 4x4 Hybrid from Sill-Terhar Ford at a cost of \$27,179 from account #635-7000-435-34-42. The Committee discussed the fuel efficiency of the hybrid, the need for a 4x4 vehicle, and the impact transferring vehicles has on the vehicle replacement fund. Finance Officer McFarland stated that the IT Department will begin to pay into the vehicle replacement fund if there is a continued need for a vehicle within the department. **The Committee recommends approval to purchase a 2009 Ford Escape 4x4 Hybrid from Sill-Terhar Ford at a cost of \$27,179 from account #635-7000-435-34-42 budgeted.**

NET METERING POLICY AND INTERCONNECTION AGREEMENT – REQUEST APPROVAL.

In November 2007, staff was preparing to implement a net metering policy and tariff to allow customers to install a form of renewable energy generation such as small wind or solar for the purpose of reducing their monthly electric bill; and permit the Utility to buy any net excess generation from the customer at an avoided cost of \$0.021/kWh. At the same time, House Bill 1160 was introduced which would make it mandatory for municipal utilities with more than 5,000 meters to offer net metering. Staff chose to wait for the passage of HB 1160 which occurred on March 7th, in order to implement a net metering policy that would comply with this legislation. The law stipulates that energy, and only energy, at a one-to-one will be credited on the customer's bill, and establishes limits on the size of the systems that can be installed at 10 KW for residential customers and 25 KW for commercial customers. The net metering policy that staff is proposing includes the substantive language included in HB 1160. It allows the Utility to credit the customer at one kWh for one kWh month-to-month for up to one year. The policy stipulates that if a customer has produced any net excess electricity at the end of one year, the Utility purchases that electricity from the customer at an avoided cost of 0.021/kWh. It should be noted that the customer must continue to pay the monthly minimum, as this charge covers the cost of billing and reading their service meter.

The proposed Interconnection Agreement provides a mechanism that allows for the safe connection of privately-owned and maintained renewable energy sources, such as wind and solar, to our distribution system. Discussion followed: most meters, with the exception of demand meters, will run forward and backward; the cost of meters; safety mechanisms in place to insure that if the Town system goes down, the residential system also stops operating; the Utility's purchase of excess electricity; legislation related to the installation of wind turbines; and the number of customers who have shown an interest in net metering. **The Committee directed staff to remove the reference to an "avoided cost of 0.021/kWh" to be replaced with "avoided cost" within the policy. The Committee recommends approval on the consent agenda**

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of the amended Net Metering Policy and Interconnection Agreement; and a report to the Town Board on May 13, 2008.

REPORTS

Finance Officer McFarland stated that the details of the loan agreement with the Colorado Water Resources and Power Development Authority for improvements to the Mary's Lake Water Treatment Plant are close to being finalized and that bonds are scheduled to go to auction in mid-June.

LIGHT & POWER

1. Financial Reports – Finance Officer McFarland reviewed the financial reports for the 1st quarter of 2008 that indicate revenues are at 30% of budget and expenses are at 19% of budget. He stated that a payment made to PRPA in April has since brought expenses to 24% of budget.

WATER

1. Financial Reports – Reports for the 1st quarter of 2008 show revenues at 19% due to development and building permit fees being down during the first part of the year. In response to a question from Trustee Blackhurst, staff stated that the Town has adequate water supplies through 2020 and possibly beyond, with no current need to purchase new water rights.
2. Public Hearing for MLWTP – As a condition of the bonding process a public meeting will be held on Thursday, May 15, 2008, at 8:00 a.m., to outline the basis for proceeding with improvements to the Mary's Lake Water Treatment Plant.
3. Consumer Confidence Report – The Annual Water Quality Report was mailed to customers two weeks ago. Dir. Goehring stated that the department purchased lab management software to aid in tracking testing schedules. Staff reported on EPA pharmaceutical removal guidelines that are being determined and proposed for future implementation.
4. Hazardous Waste Roundup Report – This joint event sponsored by the Town and Larimer County will be held June 14th from 9:00 a.m. till 2:00 p.m., at the Estes Park Water Department at 577 Elm Road. Staff reported that this event may be out growing its current location and that a larger venue may be needed in the future.

There being no further business, Chairman Homeier adjourned the meeting at 9:29 a.m.

Cynthia A. Deats, Deputy Town Clerk