

RECORD OF PROCEEDINGS

Town of Estes Park, Larimer County, Colorado, June 12, 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 12th day of June 2008.

Committee: Chairman Homeier, Trustees Blackhurst and Ericson

Attending: All

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

Absent: None

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

PUBLIC COMMENT

None

LIGHT & POWER DEPARTMENT

ORGANIC CONTRACT & POWER SUPPLY AGREEMENT WITH PLATTE RIVER POWER AUTHORITY.

In the mid 1960s, potential limits on the availability of federal hydropower compelled the municipalities of Estes Park, Loveland, Longmont, and Fort Collins to create a non-profit corporation to purchase blocks of energy from the Bureau of Reclamation for resale to individual member municipalities. The corporation faced limitations, however, because it was unable to issue tax-exempt bonds to finance capital projects. At the time the corporation was created, legislation did not permit the municipalities to act jointly, but an amendment to the Colorado Constitution ratified in 1974, allowed for the establishment of a power authority, a "separate governmental entity," with the power to own energy generation and transmission facilities with investor-owned and cooperative utilities. The Platte River Power Authority (PRPA) was established in 1975 by the Member Municipalities (Estes Park, Loveland, Longmont, and Fort Collins) through an Organic Contract, replacing the previously established non-profit corporation. A stipulation of the Organic Contract is the establishment of the "Power Supply Contract" between PRPA and each Member Municipality guaranteeing all power required by the Members is purchased from PRPA.

Joe Wilson, PRPA General Counsel, explained the need for extending the Organic Contract and outlined proposed changes which address organizational changes and update wording contained in the contract to current practice; removing archaic terms and language. Changes also deal with the ability of directors to conduct and participate in board meetings by means of electronic teleconferencing, and procedures to follow when a vacancy exists in the position of General Manager.

Mike Dahl, Division Manager-Power Systems Operations, reviewed the proposed changes to the Power Supply Agreement. The contract obligates PRPA to supply, and Estes Park to purchase, all power required to operate its electric system with the exception of grandfathered hydropower. The proposed addition of a De Minimus exception to the all-requirements obligation, will allow Estes Park to generate power for its own use from any new generation resource up to 1 megawatt or 1% of peak load, whichever is greater, enabling the Town to utilize renewable resource options such as solar and wind power in the future. The contract also incorporates the pre-existing facilities agreement, outlining the responsibilities of PRPA and the Town of Estes Park related to purchasing and

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maintaining equipment for the transmission and delivery of power. Mr. Dahl spoke to redundancy and commended the Town on the design of its distribution system and the ability for either substation to supply power throughout the system in the event one of the substations is off-line due to an emergency.

The Committee asked for information related to the PRPA organization and its background. Mr. Wilson stated that the board of directors has legislative authority to manage the affairs of PRPA, including establishing rates; that PRPA is a self-regulated organization with no direct oversight by the Colorado Public Utilities Commission; and provided a brief history of PRPA. The Committee requested that a memo be prepared outlining the involvement of former Mayor and Light & Power Director Bob Dekker in the creation of PRPA.

It has been standard practice to extend the Organic Contract approximately every 10 years ensuring that the term of the contract never falls below 30 years to accommodate the time frames and terms of financial bonds. The Organic Contract was extended in 1980 and again in 1998 to its current term through 2040. The proposed contract changes have been reviewed by Town Attorney White, and staff recommends extending the Organic Contract and the Power Supply Contract with Platte River Power Authority through 2050. The final document will be taken to the Town Board for approval in late July or August.

REPORTS

LIGHT & POWER

BUDGET

1. Pole Inspection Update – The pole inspection program is designed as a maintenance system to track the condition of wooden utility poles for employee safety, liability, and future planning purposes. Typically, poles last 40 years, but inspectors are finding that poles in this climate are staying in good condition nearly twice as long as poles in wetter climates. Approximately 2,000 poles have already been inspected with 40 poles identified for replacement, so far. The poles will be replaced in-house with wooden poles of similar grade and height.
2. Mary's Lake Substation Update – Upgrades to the substation being made to allow for future loads and increased system reliability and redundancy are underway and progressing as planned.

MISCELLANEOUS

Trustee Ericson requested that staff propose several incentive plans related to citizen participation in green programs to be reviewed and considered during the budgeting cycle.

There being no further business, Chairman Homeier adjourned the meeting at 9:12 a.m.

Cynthia A. Deats, Deputy Town Clerk