

**BRIGHAM CITY CORPORATION**  
**PUBLIC UTILITY ADVISORY BOARD**  
**For THURSDAY, APRIL 27, 2017**

Present: Ron Jensen, Vice-Chair  
William Munson, Board Member  
Nini Anderson, Board Member

Alan Wright, Board Member  
Janzen Packer, Board Member

Brigham City Staff:  
Dave Burnett, Public Power Director  
Derek Oyler, Finance Director  
Tom Ammons, Resource Manager

**Discussion of 3<sup>rd</sup> Party Review of Recommendations for Power Rate Change**

Alan Wright opened the meeting at 5:00 p.m. Dave Burnett began the discussion stating that every 5-7 years a rate analysis is completed on the rate structures, the revenue, and the cost of service. Our consultant, Dave Berg LLC, looked at the residential, commercial and heavy industrial rates. His recommendation is to leave the residential rate as is and raise the energy and demand rates on the Schedule #6 and #8 commercial customers. Schedule #6 customers are larger businesses such as Kent's Market, Smith's and the Ford dealership. Brigham City Hospital, the Staker Parson and Nucor are Schedule #8 customers. Schedule #8 has two sets of demand charges. For the first tier 0-500 kWh, the rate is \$11.28. Over 500 kWh, the rate is \$10.35. The consultant's recommendation is to eliminate the second tier and go to \$11.00 across the board. This will mimic the Schedule #9 rate structure. Mr. Burnett stated that most utilities are doing away with a declining rate structure for the Schedule #8 commercial type of customer. Additionally, Mr. Berg recommends a \$13.00 monthly service charge on the Schedule #6 customers. Mr. Burnett stated that the reason for the monthly service charge is to partially cover the fixed costs such as administration and billing costs. Currently most of the fixed costs are blended in with the energy rate. Residential customers pay \$4.75 for this fee. Schedule #8 and #9 customers won't be charged this fee because we are recovering these costs in the energy and demand fees.

Derek Oyler displayed a spreadsheet on the screen and stated that he and Mr. Burnett have reviewed the rate study and have looked at how the customers will be affected. They reviewed 1,000 commercial accounts and found that the majority of the Schedule #6 customers that are low energy users will see a decrease in their bill. Revenue will decrease from the single phase no demand and single phase demand customers. Revenue from three phase customers will increase slightly because they use more energy.

Mr. Oyler explained that the rate consultant proposed a 2.6% increase on the energy and demand for Schedule #8 customers. Mr. Berg looked at the infrastructure, cash flow and operating costs and compared those to other utility companies. He feels that the residential rates are subsidizing the Schedule #8 customers. He also recommended a 5% increase on 68 yard light accounts. Mr. Burnett explained that yard lights are attached to the power pole and the customer is charged for the installation, maintenance and energy used. The increase will add \$2,500.00 in revenue.

Mr. Burnett stated that in relation to the rate analysis he would like to update the Board on several issues with solar power. He explained Brigham City's Net Metering policy to the Board and stated that most solar companies have solar panels perpendicular to solar noon which is at approximately 11:11 a.m. The

solar system peaks at solar noon and then drops back off. Our load curve comes up a little before noon and peaks between 2:00 and 4:00 p.m. and then drops off around 6:00 p.m. Everything above our curve is credited back to the customer at 10 cents per kWh. If Brigham City does not need that power, we have to push it back out on the market where we sell it for 2 or 3 cents per kWh.

Our engineer has looked at the effect of solar on the system and is recommending that we do not have any more than 20% saturation of the substations, main feeder lines, laterals, distribution lines and transformers. If a customer wants to install a larger solar system that will saturate more than 20% of the transformer, they either have to upgrade the transformer or downsize the system. We have regulators that regulate the voltage all day. The regulators stay down when solar systems are producing power. When a cloud comes over the solar system and we lose voltage, the regulators cannot react because they are not designed to regulate fast movement. Anyone sharing the same transformer with the solar customer is going to notice the change in voltages if we allow more than 20% saturation.

The solar customer is not contributing to the fixed costs because they are generating their own power and there is no demand charge on residential customers. This results in the non-solar customers carrying the burden for solar customers.

Mr. Oyler stated that the number of solar permit applications has been overwhelming on City Staff. To help alleviate this, Mr. Burnett is proposing that all solar applications go to a 3<sup>rd</sup> party engineer for review which will be paid for by the customer. Additionally, Mr. Burnett believes that an inverter testing program similar to the backflow testing program should be implemented.

Mr. Burnett would like to propose a timeout so that we know the effects of solar on the system and can get the processes and rate structures in place. He would like to suspend solar applications and net metering applications for approximately six months. This suspension would not apply to self-contained systems that are off the power grid. The intent is to provide power quality to all of our customers. Mr. Burnett stated that the item will go on the May 18<sup>th</sup> City Council agenda.

Ms. Anderson suggested that the number of applications submitted be limited as well. Mr. Ammons stated that the lateral can only be saturated 5% so limiting the number of applications may occur automatically. Mr. Packer asked if there are state regulations that we need to follow. Mr. Burnett stated that the state of Utah has a PURPA law which states that investor owned utilities must make net metering service available upon request but the law does not apply to municipalities.

Mr. Burnett emphasized that Brigham City is green and is using clean energy. Our portfolio with wind and hydro and our own generation and market portfolio is more than 35% green. Most utilities are trying to obtain that percentage by 2020.

The Board expressed their support for the six-month suspension.

Janzen Packer made a motion to recommend City Council approve rate changes for Schedule #6 and #8 customers. The motion was seconded by William Munson and passed unanimously.

Mr. Munson asked Mr. Burnett for updates on the nuclear proposal. Mr. Burnett stated that Brigham City is looking into the small modular reactor that will be put on the INL site in Idaho. UAMPS is looking at nuclear because of the upcoming gas generation and zero carbon footprint restrictions. The challenge is

for the companies to meet or beat the costs of a new gas plant. The projected cost for nuclear power is in the \$65.00 per mW range.

A motion was made by Ron Jensen to adjourn the meeting 6:50 p.m. The motion was seconded by William Munson and passed unanimously.

This certifies that the regular meeting minutes of April 27, 2017 are a true and accurate copy as approved by the Public Utility Advisory Board on May 31, 2017.

---

Christina Boss, Administrative Assistant