



## UEB Meeting Minutes, 6 Apr 2016

**Meeting Time and Location:** Began at 4:10 at Lyons Town Hall

**Attendance:**, Aaron Caplan, Coco Gordon, Steve Wratten, Chuck Keim

**Staff:** Kyle Miller, Tony Cavalier, Jim Murray **Liaisons:** Jim Kerr (BoT) **Guests:**

### **BOT Update:**

**Staff Update: Water Pump Station** - Problems with the SCADA system at the water pump station. (SCADA systems gather information from sensors or manual inputs and send it to PLC's (programmable logic controllers). PLC's send the information to computers to analyze and display the data to help operators reduce waste and improve efficiency.) Also problems with computer pressure switch and Kyle is filling the water tank by manually turning the pump on and off. A 3rd problem with the water system are the pressure reducing valves (PRV's) at both High St. and at Railroad St. These need to be rebuilt. Browns Hill Engineering came out and put together the attached bid. They estimated the project to take 6 weeks. Kyle is leaving for 2 weeks. **Aaron will email staff that the UEB has concerns about what would happen if there was an overflow at the pump station, say if a pump was left on. It would go down the hill into the river. That would be putting chlorine into the stream. There could be substantial erosion, maybe damage to the plant foundation. The UEB thinks the pressure switch issue could be considered separately and funded as an emergency measure. Public Works was making a backup plan to make sure the pump would not be left on.**

**Electric Substation Maintenance** - At the MEAN annual meeting Jim K. had talked to Bob Meade with NMPP who though Lyons may already have a line connected to PVREA. Kyle assured there was no backup option at the substation. **Kyle had not talked to PVREA about getting a backup connection or looked into getting a generator but would do so.** There was also concern about the legal issues of getting electricity from someone other than MEAN, even if only for a few hours. We are under contract to buy all electricity from MEAN. Most thought MEAN would not object since they have been pushing for us to have the maintenance done. **Kyle will verify with MEAN that using another provider for electricity while doing maintenance at the substation will not be a problem**

**Utility Fund Finances 2015 Review:** We began by looking at the electric fund for 2015 and noting that our budgeted revenue was right on target. We were advised that our 2015 snapshot did not show \$60,000 in expenses that were not yet allocated to that fund. **Finance is making adjustments to the previous years numbers from January until May because of allocating expenses from one fund to another. They will work to get this done faster.** This does put the electric fund at \$3,000 for revenues minus expenses rather than \$63,000.

When comparing to 2014 numbers we went over why the electric fund showed \$658,000 to finish 2014 and only \$269,000 to start 2015. There was an extraordinary gain in 2013 of around \$400,000 that had to be removed in 2014. This was more of an accounting regulation that was not done until the 2014 audit was finished in Aug of 2015. Until Aug of 2015 we were using \$658,000 as the starting for 2015. The UEB has not gone back and revised its previous budgeting documents. We did make the adjustment to start 2015. Most of the UEB budgeting is concerned with cash flow more than fund value. When we are looking at a current year we are concerned with revenue minus expenses. Only when the town is planning the next year's budget are we as concerned about fund value because we do need to be sure we cover reserve requirements.

What do we need restricted in the electric fund. The water fund loan agreement with Colorado Water Resources requires 3 months operations and maintenance be restricted for debt service. The electric fund does not have this requirement. **Steve was going to look at the Lyons Resolutions on restricted funds.**

**1. Retrieve Resolution 2004-23 from Deb Russell regarding the Rate Stabilization reserve (documentation as to why such a restriction exists in Elec Util). Does it apply also to water and sanitation? Should this Resolution be repealed in favor of some other 3-mo approach?**

There are a number of restricted funds that the UEB doesn't understand. **Finance has not gone through and cleaned up some of the documentation on this. They will work on cleaning this up.**

**2. The Elec. restricted accounts called "bond reserve covenant" (\$96K) and "parity reserve" (\$34,190K) are apparently both related to our debt service obligation (see Note 3 p. 18 of the 2014 audit report). However their total should be \$152,828 to be consistent with the audit conclusions. Also, the name "parity reserve" should be changed to something more clearly linked to loan/debt/bond to avoid confusion, and a note regarding the origin of these linked to them somehow. Is it necessary to have 2 restricted debt-based amounts or could they be combined into one?**

**3. The Elec. restricted account called "Electric Fund" (02-01-1009; \$52,160.54) does not have a known origin (?). Can you find information to document why this amount is restricted, and if not can we return it to available money?**

We then discussed how the electric fund is currently the fund where all money goes in and out and then it is allocated to and from other funds. The UEB asked if the town could create a separate overarching fund where all money went in and out. Tony had concerns about trying to do this because of issues with the Caselle software the town uses. When we had to change bank accounts a couple of years ago the Caselle system did not get updated properly even though we were told it was. There were many transactions that had to be changed and corrections made. Trying to create a new fund might lead to the same problems. One thought was to create a new account for electric and just rename the electric fund to something like general utility account.

We were advised there are only 2 town bank accounts and all the other documentation about accounts or funds are just for accounting purposes. **The UEB asked if we could get documentation that showed a total for each fund and then list the separate allocations underneath.**

**4. Clarify once and for all whether the 5 restricted amounts in the Elec. Utility (02-01-1008, -1009, -1010, -1011, and -1017) are sub-parts of the total amount in the Colorado Trust Account (02-01-1007) or are these separate amounts in addition to the base CT account?**

**5. Suggest a reasonable way to calculate a 3 month reserve for the electric fund that is not just 25% of the annual expense budget. Do we exclude debt service? Do we exclude capital items? Do we exclude allocated amounts? How do we treat MEAN bills?**

**The UEB also asked for something that showed the total costs for the Wastewater Treatment Plant and then the sources of funding when everything is done and finalized.**

**Meeting ended: 5:55 pm. Minutes Submitted by: Aaron Caplan**

### **NMPP ANNUAL MEETING NOTES - from Jim Kerr**

Through the Municipal Energy Agency of Nebraska (MEAN), Lyons is a member of the Association of Public Power Association (APPA). APPA lobbies for municipal power utilities at the National level. They have a Strategic Plan, PILOT Survey and Guide, Salary Surveys, and provide certification of public utilities to obtain a Reliable Public Power Provider (RP3) Designation. Contact Andrew Ross, NMPP, for access to APPA resources.

Ransomware attacking local governments. City of Mitchell got hit two weeks ago. December 2015 cyber attack against three Ukrainian distribution utilities. See NERC report. Sign up for alerts from E-ISAC at [www.esisac.com](http://www.esisac.com). APPA has an eight part webinar seminar on security.

Some of the issues APPA has been working include using smart meters to be proactive on customer outages texting customers of outages and projecting when power will be restored; and stopping full distributed generation (net metering) from being federalized.

Also APPA is closely following the Clean Power Plan (CPP). The CPP rules were finalized October 23, 2015, but a number of States including Colorado sued and the Supreme Court in a 5-4 decision stayed the CPP on February 9, 2016. Justice Scalia, who passed away in 13 February, was one of the 5 votes. The DC District court hears on arguments on June 2-3, 2016. The CCP requires a 38% reduction in CO2 emissions from Nebraska and Colorado utilities from 2012 levels by 2030. This could result in MEAN coal power plants only being allowed to run part of the year in order to comply.

There was a Distributed Energy panel at the NMPP meeting. One of the presenters was Central City, NE who has the largest Community solar garden in Nebraska. The members of the solar garden are primarily commercial enterprises in Town along with the City. Issues include: 1) Insurance of coverage of community garden solar panels, 2) Tax implications of solar – does it increase property value?, and 3) Worry if get too large a percentage of City's power. Currently less than 1% of Central City's power. First 500 KWH grandfather in to Net Metering, additional growth may get different rules. Even grandfathered in customers could be affected by just increasing every customer's base rate.

NMPP financials were briefly discussed. They plan to talk about MEAN positive net revenues at May 18-19 meeting.

Off line I also met Bob Meade, NMPP, who sounded familiar with Lyon's electrical substation. He thought there was a good chance that Lyons should be able to perform substation maintenance while power is still on. He also thought Lyons may already have a line connected to REA that could possibly be used to provide limited power if we needed to bring the substation down for maintenance. He thought Lyons could save 10-15% on electrical maintenance if we hired our own linemen. When I mentioned the issue getting coverage during natural disasters, such as the flood, he said MEAN could have arranged, possibly the next day, up to 60 linemen with trucks from other utilities who could have helped Lyons restore power quickly.