

BOARD OF PUBLIC UTILITIES

January 20, 2015

The regular meeting of the Board of Public Utilities held on the 20th day of January, 2015, was called to order at 4:00 p.m. with CHAIRMAN POCOCK presiding and the following COMMISSIONERS present:

COMMISSIONERS SULLIVAN, MOFFITT, SHAVER, SCHNEIDER AND (new Board Member Terry) CAMPBELL

Also Present: SECRETARY SALLIS, CITY MANAGER DANIELS, AND OTHER KEY STAFF

APPROVAL COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER
AGENDA CAMPBELL, to approve the agenda. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
MOFFITT, SHAVER, SCHNEIDER AND CAMPBELL
NOES: NONE
ABSENT: NONE

APR MINS: COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER
SULLIVAN, to approve the minutes of the adjourned regular meeting held
Dec 16,'14 December 16, 2014; and the minutes of the regular meeting held January 6, 2015.
Jan 6, '15 Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
MOFFITT, SHAVER AND SCHNEIDER
NOES: NONE
ABSENT: NONE
ABSTAIN: COMMISSIONER CAMPBELL

CORSPNDN: None

PBLC APRN: None

UNF BUSNS: Asst City Manager Brownlee briefly explained that this matter is being revisited as there is a change in the funding source for the purchase of the portfolio content category (PCC) 3 renewable energy credits approved at the January 6, 2015 meeting. The power cost adjustment (PCA) was miscalculated as a positive when it was actually a negative balance so the funds will be taken out of the proper account in electric (AB32 surcharge RPS/cap and trade). COMMISSIONER SULLIVAN pointed out that the cost will not come out of the proper account as it should be part of the PCA which is why the Board recommended it come out of the PCA. There are no funds budgeted in #580-4750-473.63-08 in the current fiscal year but have already spent \$67,000. Asst City Manager Brownlee pointed out that we have not yet rolled all costs of purchasing power into the PCA so staff will come back with a revised policy on the PCA.

RESCND
ACTN OF
1-6-15 &
AUTHORZ
PURCH OF
RECS

Discussion followed on the negative PCA and making this purchase out of that fund. COMMISSIONER SULLIVAN favored leaving the prior action and taking the funds out of the PCA. CHAIRMAN POCOCK agreed that the purchase is a power cost and needs to be accounted for in the PCA.

COMMISSIONER SCHNEIDER questioned why the purchase of the portfolio content category 3 renewable energy credits is a cost of power purchasing and not just a rate component. CHAIRMAN POCOCK responded that if we bought nothing but hydropower, there would be no risk but we have to purchase power. More discussion on the definition of power purchase costs and what should be included. COMMISSIONER CAMPBELL explained that the ad-hoc rate study committee meeting with the city council needs to address this issue. The new rate study needs to make sure there is a mechanism to comply with the mandates as this is a cost of purchasing power. He was OK with taking the cost out of the cash account at this time and making it up in midyear budget revisions.

COMMISSIONER CAMPBELL MOVED, SECONDED BY COMMISSIONER MOFFITT, to rescind the action taken at the January 6, 2015 meeting and authorize the city manager to engage Evolution Markets to act as broker intermediary in seeking out the purchase of 10,400 PCC-3 RECs for CY 2014 and 10,400 PCC-3 REC for CY 2015 from a third party principal, such purchase to be funded from account #580-4750-473.63-10 - electric power purchase. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN, MOFFITT, SHAVER, SCHNEIDER AND CAMPBELL
NOES: NONE
ABSENT: NONE

NEW BUSN: None

REPORTS: City Manager Daniels acknowledged the monthly financial report for December 2014 noting that the finance director is absent from today's meeting so would defer any questions or they can be emailed to him for a response.
FIN - DEC 14

LCWSP Asst City Manager Brownlee noted the Lower Colorado Water Supply Project
QRTLY (LCWSP) stage II quarterly stakeholders report provided by the Yuma Office of
STKHLDRS the Bureau of Reclamation. This project is moving along swiftly with the only
REPORT hang up being the source of power but they are in negotiations with Imperial Irrigation District for power to the new well fields.

MGR RPT City Manager Daniels reported on: 1) city council reappointment of COMMISSIONER SULLIVAN to another four year term and appointment of COMMISSIONER CAMPBELL to finish out a vacant term. Because of the timing of Robert Shaw's resignation, staff will advertise that vacancy and encouraged anyone interested to apply; 2) article in the River Report was forwarded to the Board Members on the pilot conservation program for which Needles applied and

on why our application makes sense. We will know next month the status but City Manager Daniels has asked Asst City Manager Brownlee and the golf course superintendent to begin drafting the request for proposals for irrigation improvements.

BRD RQSTS: COMMISSIONER CAMPBELL thanked the Board for welcoming him back.

PRELIM AUDIT COMMISSIONER SCHNEIDER referenced the December 16 minutes and questions he brought up regarding the preliminary draft audit. Secretary Sallis responded that the finance director will be addressing his questions as part of the auditors' presentation at the February 3 meeting.

COMMISSIONER SCHNEIDER further asked for clarification at the December meeting of the base use charge and excess use charge in the 501 fund. He was assured that too would be answered at the next meeting.

UPDATES COMMISSIONER SULLIVAN asked for an update on the computer software upgrade to which City Manager Daniels explained that the request for proposals has closed, three proposals were received and are being reviewed.

COMMISSIONER SULLIVAN also asked about budget revisions. City Manager Daniels explained that he will be meeting with the department supervisors next week on expenditures and then with the finance director to review the revenues. During the process, he will be asking this Board and the city council to adopt a set of budget policies which will state the framework and principles of building the budget.

COMMISSIONER SULLIVAN asked the status of the 2014 storm damage summary with expenses, reimbursements, etc. Secretary Sallis responded that the electric line foreman has indicated that the electric department is still making repairs and hopes to be done by the end of this month. We cannot finalize our insurance claim until that work is completed.

TRACK BRD RQSTS COMMISSIONER SULLIVAN suggested that staff make a checklist when requests are made by the Board so that we can track the status and see that reasonable progress is being made. CHAIRMAN POCOCK requested that when a Board request is made, it continue to be carried on the agenda until it is resolved. COMMISSIONER SULLIVAN asked that an estimated time for response also be included.

ADJOURN: COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER SULLIVAN, to adjourn. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
MOFFITT, SHAVER, SCHNEIDER AND CAMPBELL
NOES: NONE
ABSENT: NONE

January 20, 2015

Page 4

CHAIRMAN POCOCK declared the regular meeting of the Board of Public Utilities held on the 20th day of January, 2015, adjourned at 4:29 p.m.

ATTEST: _____
Chairman Secretary