

BOARD OF PUBLIC UTILITIES

March 3, 2015

The regular meeting of the Board of Public Utilities held on the 3rd day of March, 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 CAMPBELL

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

APPROVAL COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER  
AGENDA SULLIVAN, 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  
Feb 3, '15 SCHNEIDER, to approve the minutes of the regular meeting held February 3, 2015. Motion carried by the following vote:

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

Feb 17, '15 COMMISSIONER SHAVER MOVED, SECONDED BY COMMISSIONER  
CAMPBELL, to approve the minutes of the regular meeting held February 17, 2015. Motion carried by the following vote:

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

CORSPNDN: None

PBLC APRN: None

UNF BUSNS: City Manager Daniels briefly explained that the replacement of the interceptor sewer line between manholes #25 & 26 was bid back in December with no bids received and then rebid in January with one response from Jonovich Companies in the amount of \$75,433. Total project costs are estimated at \$98,926 including bid prep (\$6,314), construction (\$76,751), quality assurance/control (\$6,868), and  
ACPT BID  
FOR SWR  
LINE REPL

(HOSP LINE) contingency (\$8,993). On completion, staff will bring back a full financial report to the Board for information.

COMMISSIONER MOFFITT inquired as to how Jonovich did on the sewer line under the railroad tracks. Robert Benoit, wastewater dept., responded that he was very pleased with the work, they were cooperative and did all they were asked.

COMMISSIONER SULLIVAN MOVED, SECONDED BY COMMISSIONER SHAVER, to accept the bid of Jonovich Companies in the amount of \$75,433 for the replacement of the interceptor sewer line between manholes #25 and #26 (hospital sewer line), accept the project costs to move the estimated funds from the wastewater asset replacement fund to do the project with the report coming back at the completion of the project on the actual expenses so that any balance of funds can be handled at that time. Motion carried by the following vote:

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

NEW BUSN: City Manager Daniels noted that we are better off on revenues and expenses but for the storm damages last July and August which we hope to be reimbursed for.

2014-15

MID-YR  
BUDGET  
REVSNS

COMMISSIONER SCHNEIDER expressed concern that the electric revenue in the adopted budget was \$6.95 million and now increasing to \$7 million. When electric rates were set, they were done after the budget and were designed to generate \$6.9 million and we are now looking at an additional \$500,000. In addition, the budget information was provided to EES (consulting firm doing a rate study) and now that is being changed. City Manager Daniels responded that electric revenue was \$4.202 million as of December 31, 2014 and staff looked at the seasonality of the revenue and the basis for the forecast. Sylvia Miledi, finance director, also explained that there has been a large increase in connect fees which is the majority of the increase in electric. Discussion followed on the increase in electric revenues, possible reasons therefore, and how rates are calculated.

COMMISSIONER CAMPBELL suggested looking at other public utilities in California to see how they budget. There are also seminars on budgeting which might be beneficial in getting some insight on how others are dealing with similar situations.

After further review and discussion, COMMISSIONER CAMPBELL MOVED, SECONDED BY COMMISSIONER SULLIVAN, to approve and recommend approval to the Needles Public Utility Authority of the mid-year budget revisions for the fiscal year ending June 30, 2015. Motion carried by the following vote:

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

PCA FOR Finance Director Miledi reported that the balance forward was -\$24,489, PCA  
QTR END adjustment for December 31, 2014 was -\$17,683 leaving a negative balance of  
DEC '14 \$42,172. Discussion followed on purchased power costs, including the cost of  
carb credits, those funds being spent after December 31, 2014; and setting of  
electric rates based on the adopted budget and the PCA is based on actuals. An  
extended discussion was held on including the cost of green power (renewable  
energy credits purchased) as a non-power purchase cost in the electric rate.

MOT ROLL COMMISSIONER SULLIVAN MOVED, SECONDED BY COMMISSIONER  
NEG BAL MOFFITT, to roll the negative balance of \$42,172 to the next quarter.

COMMISSIONER SCHNEIDER suggested a \$.0025 rate increase to generate  
approximately \$30,000 in revenue and then look at it next quarter to determine if  
the PCA can be taken off or if it needs to be left through the summer. He pointed  
out that when the budget is looked at as a whole, we are covering all expenses.  
Purchased power costs may not be covered but we're making it up in other areas.  
In addition, the policy is that when we are within one-quarter, we increase the  
PCA to cover the negative and we are now there.

MOT WDNW COMMISSIONER SULLIVAN WITHDREW his motion and COMMISSIONER  
MOFFITT WITHDREW his second

David Brownlee, asst. city manager, explained that we just signed an  
advantageous power purchase for June, July, August and September of 3.1¢.

INCR PCA COMMISSIONER SCHNEIDER MOVED, SECONDED BY COMMISSIONER  
FOR APRIL, SHAVER, to increase the power cost adjustment (PCA) a 1/4¢ (\$.0025) making  
MAY & JUN revised electric rates of: winter hydro of \$0.0868, summer hydro of \$0.0829, and  
over hydro of \$0.1148 effective for the months of April, May and June 2015.

CHAIRMAN POCOCK pointed out that in the past, the PCA was only applied to  
the over-hydro rate as the hydro rates are constant.

AMND MOT COMMISSIONER SCHNEIDER AMENDED his motion to increase the over  
TO APPLY hydro rate only to \$0.1148 for the months of April, May and June 2015.  
TO OVER- COMMISSIONER SHAVER SO AMENDED his second. Motion and  
HYDRO amendment carried by the following vote:  
ONLY

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

REPORTS: COMMISSIONER CAMPBELL asked if we're meeting the state mandate on water conservation to which COMMISSIONER SULLIVAN responded that the forecast looks like it will be within 1% of what's required. City Manager Daniels pointed out that with the exception of two months we've been significantly under.

MO ACTVY  
DEC '14

TREAS RPT Finance Director Miledi apologized for the delay in providing the December 2014 treasurer's report but the city treasurer was injured and unable to sign off. Staff won't release the report until after signatures are obtained.  
DEC '14

PENDING CHAIRMAN POCOCK's acknowledgement only of the pending Board requests.

MGR RPT City Manager Daniels explained that we entered into a \$785,000 multi-year contract to rehabilitate the water tanks. He's asked Jerry Porter, water department manager, to provide pictures of the inside of the tank currently being worked on and to explain the additional damage found. Manager Porter referenced the three pictures provided to the Board and explained the holes in the bottom of the tank which are estimated at over 1,000 holes. Estimated cost to repair is \$12,000 for five days of welding. COMMISSIONER SCHNEIDER questioned if there is cathodic protection in the tank to which Manager Porter responded no. City Manager Daniels informed the Board that he's authorized the expenditure to have the repair work done.

City Manager Daniels also explained that there was a power outage on Sunday and he's asked Jack Lindley, electric dept foreman, to show cause of the outage. Foreman Lindley produced a porcelain insulator explaining that the outage occurred about 3:30 or so and it took about four hours to restore service. Insulators were blown out and two failed and it's very difficult to locate these types of outages. The porcelain insulators are absorbing water and we have approximately 300 in service on our system. If these on Sunday night failed, others will start doing the same so we need to start a program to replace them. Estimated cost of materials is \$60-\$70 each insulator plus cost of labor. City Manager Daniels confirmed an estimated cost of \$35,000 to \$40,000 to replace all.

City Manager Daniels reported on: 1) the Needles Public Utility Authority adopted the change to the rate policy; and 2) next Thursday a hearing is being held before the California Water Board on changes to the wastewater regulations. The hearing is in Brawley and the city will be represented.

BRD RQSTS: COMMISSIONER CAMPBELL explained that there is no capacity to store oil so speculation has it that energy prices will decline again as there's no capacity for storage.

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

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

CHAIRMAN POCOCK declared the regular meeting of the Board of Public Utilities held on the 3rd day of March, 2015, adjourned at 5:11 p.m.

ATTEST: \_\_\_\_\_  
Chairman Secretary