

Commission Members Present: Clinton O’Neill, Bill Szmyd, John Butler, Don Cook, Gary Hausman (Chair), Gene Packer, Randy Williams, Dan Herlihey (Vice Chair)

LUC Commission Members Absent: Matt Elkins, Richard Rhoads

Council Liaison Present: Councilor Steve Olson, Councilor Jon Mallo

City Staff Members Present: Lynn Valdez, Brieanne Reed-Harmel, Steve Johnson, Christine Schraeder, Kevin Gertig (Director), Vincent Junglas, Tracey Hewson, Frank Lindauer, Jim Lees, John Faulkner, Michelle Erickson, Todd Hanlin, Tyler Groce, Nathan Alburn, Ryan Van Pelt, Travis Johnson, Rosalyn Potter, and Chad Birgenheier.

Guest Attendance: Jeff Stahla, Jeff Drager, Mark Beauchamp, James Laferriere, Bruce Stotts, Bruce Croissant, Chris Latamere, Kaila Angelou.

CALL TO ORDER: Gary Hausman called the meeting to order at 4:00 PM.

Item 2.1: Adoption of Minutes – Gary Hausman

This item requested a motion to approve the minutes of the April 20, 2022 meeting.

Recommendation: Adopt A Motion to Approve of the Loveland Utilities Commission Meeting Minutes from April 20, 2022.

Motion: Bill Szmyd made the motion.

Second: Dan Herlihey seconded the motion. The minutes were **approved** unanimously with an **7-0** vote.

CITIZENS REPORT

Item 3.1 Citizens Report –

- Bruce Croissant installed solar panels on his home in December 2012, and last summer added more solar panels to his home. On his last utility bill it gave him a credit of \$1.33 and generally this time of year he produces about 18 kWh per day and his usage is about 300 kWh per month. He has an in-phase system so he gets a report and it said last month he was 98% efficient.
- Bruce Stotts stated he was disappointed after reading the agenda and having discussions saying that he feels what they have been saying has not been listened to. He referenced the CO Revised Statute and governance of CO municipal utilities, and indicated his belief that the utility is not following those rules in the rate study. He stated that option three (to be presented later) is the only one that follows the rules, that the definitions of “excess generation” in the examples given are incorrect. He disagrees with the wording in example 2 of how net meter is in line with the revised statute and how generation is not being credited at a 1:1 ratio like the statute calls for, and the practice of charging extra for solar kWh capacity is discriminatory which also violates the statute. He also spoke about the idea that solar customers are being subsidized but how solar customer usage can’t be measured without smart metering.
- James Laferriere spoke about the difference in net billing versus net metering, and that there seems to be confusion. He thinks the concept of charging solar customers to recover the cost-of-service amounts is like a penalty instead of an incentive. He also talked about confusion on how different classes of customers are treated and charged differently.

INFORMATIONAL ITEMS

Item 4.1: Water and Law Legislative Update – Derek Turner

This item provides a brief update on water-related legislation introduced or under discussion by the Colorado General Assembly during the legislative season, water court developments or items of interest in District 4 of Water Division 1 (The Big Thompson and Little Thompson River basins), and Colorado or Loveland-related water news.

Recommendation: Information Only. No Action Required.

Item 4.2: Water Supply Update – Ryan Van Pelt

This item provides the raw water supply update.

Recommendation: Information Only. No Action Required.

Item 4.3: Electric Legislative Update – Lynn Valdez

This item and Attachment A are intended to give a brief update on electric-related legislation at both the state and federal level. Loveland Water and Power works closely with Platte River Power Authority (PRPA) and its sister cities but relies primarily on the Colorado Association of Municipal Utilities (CAMU) for information on electric-related legislation.

Recommendation: Information Only. No Action Required.

Item 4.4: Financial Report Update - Jim Lees

This item summarizes the preliminary monthly and year-to-date financials for April 2022.

Recommendation: Information Only. No Action Required.

CONSENT AGENDA

Item 5.1: Fire Mitigation Grants – Todd Hanlin

In partnership with the Big Thompson Watershed Coalition, the City has been awarded more than \$1.5M of grant funds awarded by the Colorado Water Conservation Board (CWCB) and \$2M of grant funds through a participating agreement with the United States Forest Service (USFS). These funds are for the purpose of funding fire recovery and mitigation efforts in the Big Thompson River Basin and improving water quality in the Big Thompson River.

Recommendation 1: Adopt A Motion Recommending That the City Council Approve, On Second Reading, A Supplemental Budget and Appropriation to the 2022 City of Loveland Budget for Colorado Water Conservation Board and United States Forest Service Fire Mitigation Grants.

Motion: Dan Herlihey made the motion.

Second: Bill Szmyd seconded the motion. The motion was **approved** unanimously with an **7-0 vote**.

Recommendation 2: Adopt A Motion Recommending That the City Council Approve Resolutions Authorizing the City Manager to Execute a Grant Agreement with The Colorado Water Conservation

Board and A Participating Agreement with The United States Forest Service, To Accept the Grant Funds to Be Used by The City to Support Fire Mitigation Projects in The Big Thompson River Watershed.

Motion: Dan Herlihey made the motion.

Second: Bill Szmyd seconded the motion. The motion was **approved** unanimously with an **7-0 vote**.

Recommendation 3: Adopt A Motion Recommending That the City Council Approve a Resolution Authorizing the City Manager to Execute a Services Contract with Western States Reclamation, Inc. For Aerial Mulching Operations in The Big Thompson River Watershed.

Motion: Dan Herlihey made the motion.

Second: Bill Szmyd seconded the motion. The motion was **approved** unanimously with an **7-0 vote**.

REGULAR AGENDA

Item 6.2: Power Cost-of-Service Rate Study Overview and Direction – Mark Beauchamp and Jim Lees

Water and Power's practice has been to complete cost-of-service rate studies for each utility every three years, and this year, it is the Power Utility's turn for another study. A Kickoff Meeting for the rate study was held on April 29, 2022 and staff really appreciates the attendance and participation of LUC Board Members Don Cook and Matt Elkins at the Kickoff Meeting. Mark Beauchamp, President of Utility Financial Solutions, will be with us today to give us an overview of what we will be looking to accomplish in the study and will provide perspective on the current state of the solar industry and solar rate designs. As part of this year's rate study, there is an important item that staff is seeking direction on. This direction will be taken to City Council for a June 28 Study Session for Council's consideration to provide direction for the rate design. The item a recommendation is being sought for is the rate design for the Residential Self-Generating Class.

Recommendation: Adopt A Motion Recommending That City Council Direct Staff to Use the Option 1 Methodology for Designing the Rates For 2023 For the Residential Self-Generating Class.

Motion: Dan Herlihey made the motion.

Second: Gene Packer seconded the motion. There was some discussion and confusion around why the commission is being asked to recommend only Option 1 without actually seeing the full results of the rate study or the rates, and why they aren't recommending all the options to be reviewed thoroughly and presented to council. There was also discussion about solar customers being "subsidized". The commission was not comfortable passing the motion without more clarity. The motion was **not approved** with an **5-2 vote**.

Motion: John Butler made a motion recommending that all four options for the rate study be presented to City Council with staff's preferred option.

Second: Bill Szmyd seconded. The motion was **approved** unanimously with an **7-0 vote**.

Item 6.1: Chimney Hollow Reservoir Construction Update – Jeff Stahla

Jeff Stahla, the Public Information Officer for Northern Water, will provide an update on the progress of the Chimney Hollow Reservoir Construction.

Recommendation: Information Only. No Action Required.

Item 6.3: 2023 Proposed 10-Year Capital Improvement Plans – John Faulkner, Yarani Vazquez, Ronnie Gao

The purpose of this item is to present an overview of the 2023 to 2032 10-year Capital Improvement Plans (CIP) for the Water, Raw Water, Wastewater, and Power Utilities. Staff is requesting that the LUC adopt a motion recommending that City Council approve the proposed 10-Year CIPs.

Recommendation: Adopt A Motion Recommending That City Council Approve the Proposed 2023 10-Year CIPS for the Raw Water, Water, Wastewater and Power Utilities.

Motion: Dan Herlihey made the motion.

Second: John Butler seconded the motion. The motion was **approved** unanimously with an **7-0 vote**.

Item 6.4: Supplemental Budget Appropriation to the 2022 City of Loveland Budget for Interfund Loan – Brieana Reed-Harmel

The City of Loveland approved the municipal broadband project on November 6, 2018. Funding to complete the project was secured in April 2019, and Loveland Pulse's 100% fiber-optic network broke ground on November 25, 2019. Six months later, Pulse launched services and connected its first residential customer in June of 2020. With business services launching in December 2020. To continue the progress of construction and offset supply chain challenges, Pulse is requesting additional funds in the form of a Line of Credit Loan from the Power Unrestricted Fund.

Recommendation: Recommend City Council approve an Ordinance Enacting a Supplemental Budget and Appropriation to the 2022 City of Loveland Budget to Establish an Interfund Loan between the Power Utility and the Municipal Fiber Utility

Motion: Dan Herlihey made the motion.

Second: Bill Szmyd seconded the motion. The motion was **approved** unanimously with an **7-0 vote**.

Item 6.5: Supply Chain Issues Mitigation Strategy – Rosalyn Potter

Recent global economic conditions have caused supply chain disruptions, creating challenges in procurement of materials critical to utility operations. By adjusting the current purchasing limits and guidelines, through a temporary amendment of the Loveland Municipal Code or administrative amendment of the procurement regulations, the City can be more proactive and flexible in purchasing these materials to avoid shortages, delays, and service disruptions.

Recommendation: Adopt a motion recommending that the City Council and/or the City Manager take immediate action in a form recommended by the City Manager and City Attorney to temporarily amend the City's procurement requirements for the purchase of certain critical supplies and materials affected by current supply chain issues.

Motion: Dan Herlihey made the motion.

Second: Bill Szmyd seconded the motion. The motion was **approved** unanimously with an **7-0 vote**.

STAFF REPORT

None

Item 8.1: Commission Reports

Dan Herlihey: None.

Gene Packer: None.

Bill Szmyd: None.

Clinton O'Neill: None.

Don Cook: None.

Gary Hausman: None.

John Butler: None.

Matt Elkins: Not present.

Randy Williams: None.

Richard Rhoads: Not present.

Item 8.2: Council reports

Steve Olson: Late council meeting last night. Main topic was homeless encampments. Had five items on the agenda and only got to two of them. Council enacted an emergency ordinance to ban encampments in the city. There are currently interviews taking place and that will be further determined the end of this month.

Jon Mallo: This is infrastructure week so there was some recognition given.

DIRECTOR'S REPORT**Item 9.1: Director's Report**

- Kevin will talk about the Chimney Hollow Reservoir Construction Project and the tours they have available.
- The Platte River Power Authority also has tours that Kevin would like to see the LUC participate in.
- Kevin will update the Commission regarding the PRPA Directors' meeting that was held at Loveland Water and Power on May 13, 2022.

ADJOURN: The meeting was adjourned at 8:21p.m.

Respectfully submitted,

Tyler Groce

Recording Secretary

Loveland Utilities Commission /s/ Gary Hausman, Chair

