

UTILITY COMMITTEE MEETING MINUTES

March 9, 2021

In Attendance:

Members: Chairman Mike France, Councilman Ed Conley, Councilman Sean Wilson

City Staff: Mayor Brown, John Doyle, Michele Brown, Tracey York (Zoom), Amber Box, Miriam Jones, Jack Eldredge, Daniel Shelden, Joe York, Mitch McDonald

Visitors: Darrell Maurina, Susan Wilbur

1. Call to Order and Citizen Comments – Chairman France called the meeting to order at 3:30 pm.

2. Approval of Minutes – February 9, 2021 – Mr. Doyle presented the committee with minutes from the February 9<sup>th</sup> utility committee for approval. Councilman Conley made the motion to approve the minutes and Councilman Wilson seconded. All were in favor.

3. City Utility Bill Increase – Winter Storm

a. Natural Gas – Approximately \$1.0 M – Nearly \$800,000 Increase – John Doyle stated that the City of Waynesville has been informed by MoGas the City’s natural gas bill will be approximately 6 times higher than usual for the month of February. The estimated bill for the City of Waynesville during the month of February 2021 was \$950,000.

b. Electric – Approximately \$1.33 M – Nearly \$1 M Increase - John Doyle stated that the City of Waynesville has been informed by MoPEP the City’s electric bill will be approximately 4 times higher than usual for the month of February. The City received an invoice showing the bill during the month of February 2021 to be \$1,336,051.12. To breakdown the invoice, \$112,682.68 was for February Demand Charges, \$1,142,018.51 was for Total Energy Charges and \$81,349.93 was for Total Transmission Charges.

Mr. Doyle stated that no customer this month or next month’s billing have not been billed for this storm at the rate in which the City was billed and if the bill was more it is due to the usage being more. The City is looking at applying these charges in different ways and that all citizens and businesses needs have been accommodated.

4. Customer Utility Bill Recapture Plan

a. Natural Gas- Mr. Doyle presented the utility committee with a recapture payment plan capturing the overages accounted for in these costs and a Winter Storm Utility Expense table – Natural Gas . This plan includes the City to utilize funds within utility reserve accounts for the initial payment. The City would then charge a monthly recapture fee over a period of months to recapture the reserve funds expended during this time. Mr. Doyle presented two options.

The first option would be based upon user type and accounts with each type:

<b>Residential</b> (514 user accts)	<b>Small Commercial</b> (73 user accts)	<b>Large Commercial</b> (49 user accts)
\$25/month/user for 24 month period	\$55/month/user for 24 month period	\$80/month/user for 24 month period
Account for \$12,850/month recapture	Account for \$4,015/month recapture	Account for \$3,920/month recapture
\$308,400 over the 24 month recapture period	\$96,360 over the 24 month recapture period	\$94,080 over the 24 month recapture period
Total Estimated Recapture of \$498,840 over 24 months		

The second option would be based upon user type and the percent usage:

<b>Residential</b> (514 user accts)	<b>Small Commercial</b> (73 user accts)	<b>Large Commercial</b> (49 user accts)
35% of use or 4,832 dth	9% of use or 1,218 dth	56% of use or 7,763 dth
Estimate recapture of \$175,000	Estimate recapture of \$45,000	Estimate recapture of \$175,000
Estimate \$14.19/month/	Estimate \$25.68/month/	Estimate \$ 148.81/month/
User over a 24 month period	User over a 24 month period	User over a 24 month period
Total Estimated Recapture of \$500,000 over 24 months		

b. Electric - Mr. Doyle presented the utility committee with a recapture plan for these costs and a Winter Storm Utility Expense table – Electric. The recapture plan includes the City to utilize funds within utility reserve accounts for the initial payment. The City would then charge a monthly recapture fee over a period of months to recapture these reserve funds expended during this time.

This plan would be based upon user type and accounts within each type:

<b>Residential</b> (2,115 user accts)	<b>Small Commercial</b> (206 user accts)	<b>Large Commercial</b> (64 user accts)
\$25/month/user for 12 month period	\$60/month/user for 12 month period	\$85/month/user for 12 month period
Account for \$52,875/month recapture	Account for \$12,360/month recapture	Account for \$5,440/month recapture
\$634,500 over the 12 month recapture period	\$148,320 over the 12 month recapture period	\$65,280 over the 12 month recapture period
Total Estimated Recapture of \$848,100 over 12 months		

Utility Committee made the recommendation to move to Finance Committee, the Natural Gas recapture plan – Option2 (based upon the actual bill amount)for the 24 month period, Electric recapture plan for the 12 month period plan and the repayment of these utility bills to be made from the City’s reserve accounts.

5. **Sho-Me/MPUA/City of Waynesville** – John Doyle presented a letter of intent from Sho-Me Power Electric Cooperative to the City of Waynesville for us to sign that includes two features. One is a Facilities Use Agreement would specify an initial annual cost of \$150,000 (Facilities Use Charge) until the City reaches a triggering point of 19.3 MW and then the Facility Use Charge will increase to \$285,000 for 35 years. The other feature is a service agreement in which the City is contracting with Sho-Me to service the substation. This service agreement starts out at \$61,000 and is subject to a 3% annual escalation clause. The first year the City was looking at around \$650,000 for wheeling costs and now looking at \$211,000, for a savings of around \$400,000 in the first year. Those savings will be realized immediately upon signing the agreement with Sho-me and over the course of 35 years these savings can exceed \$15 M for the City. Mr. Doyle stated that these savings are very favorable for the City and for Sho-Me.
6. **Department Updates** – Due to time frame, individual department updates were not given to the committee this month. The committee did receive a copy of our electric department's update and the e-Reliability report for the month of February.
7. **Other Business** – No other business

**Closed Session:** Councilman France stated there was a need to go into closed session for discussion of Legal matters, in accordance with RSMo Sections 610.021 (1). A motion was made by Councilman Conley to go into closed session at 4:36 pm and a second by Councilman Wilson. Motion carried. At 4:57 pm the committee came out of closed session.

A motion was made by Councilman Wilson to approve letter of intent from Sho-Me and move everything forward to Finance Committee. Councilman Conley seconded and all were in favor.

Having no further business, the meeting adjourned by Chairman France at 4:57 pm. Next meeting is scheduled for April 6, 2021 at 3:30 pm.