

Kimball Board of Public Works
Special Joint Meeting
March 7, 2017

A special joint meeting of the Board of Public Works and the City Council and was convened in open and public session at 5:00 p.m. on March 7, 2017 at the Kimball Events Center. Mayor Keith Prunty called the meeting to order at 5:02 p.m. Board of Public Works members present were: Cederburg, Robinson, Fossand and Porter. Council members present were: Shields and Baliman. Also present were Special Projects Coordinator Sapp, Electric Superintendent Hinton, Power Plant Superintendent Terrill, City Clerk Russell and City Treasurer Sisk. The public was not represented.

Notice of the meeting was given in advance by publication in the Western Nebraska Observer. Notice of the meeting was given to the members and a copy of their acknowledgement of receipt of notice and the agenda is on record at the office of the City Clerk. Availability of the agenda was communicated in advance notice and in the notice to the members. All proceedings hereafter shown were taken while the convened meeting was open to the attendance of the public.

Carol Brehm, NMPP Energy Member Relations Representative, presented the NMPP Energy and Kimball Partnership. NMPP Energy is a coalition of four entities, NMPP member services, MEAN wholesale electric supply, NPGA wholesale gas supply, and ACE retail gas supply. NMPP Energy was formed to achieve economies of scale for energy. Kimball has been an ACE retail community since 1996. Kimball is a participant in MEAN and is one of the 13 founding communities of MEAN.

NMPP has been in existence for 40 years and was created through the Nebraska legislature as a not-for-profit service organization. It is comprised of a members' council and a 16 member board of directors. Each of the four entities has a separate budget and board. NMPP has the most member participants (197) of any joint action agency in the United States. The Joint Operating Committee manages the four entities and determines the allocation process. MEAN has one employee and the remainder of employees are under NMPP Energy.

MEAN was formed in 1981 under provisions of the Municipal Cooperative Financing Act as a not-for-profit organization and is a political subdivision of the State of Nebraska. MEAN was formed to provide reliable wholesale power supply to public entities throughout the region via the Electrical Resources Pooling Agreement (ERPA). MEAN has the largest footprint of any utility in the continental United States.

Brehm explained the Arkansas River Power Association (ARPA) where six communities came together to build a coal plant. The plant cannot be used presently.

Brehm explained the FY 2017-2018 budgeted sources of energy and the MEAN member communities distance to North Platte. She indicated that MEAN holds their meetings in North Platte because it is centrally located for the members. MEAN has

consistent engagement from the member communities and rarely has an issue with a quorum.

Brehm commented that MEAN has 10 service schedule contracts that they can offer in terms of length of service. Kimball is part of service schedule M (SSM), which has a total of 54 participants. This means the 54 communities are part of MEAN for the longer term of the bonds that MEAN has taken to the year 2041. Brehm explained the difference between the service schedule M's, K's and J's is the length. M is for the long term; K is generally 10 year contracts; and J is short term of up to 10 years. Service schedule J is the most expensive contract because they have to purchase it off the market. The service schedule K is 5% higher than the service schedule M and the service schedule M is the cheapest.

Brehm commented on the Regional Transmission Organizations (RTO) which took away all of MEAN's capability to make money. All of MEAN's ability to make money has been taken away because of the RTO's that were established.

Brehm commented on the SPP and the issues that were encountered, the fines that were levied and the RITA charges that were passed onto members. Kimball's RITA charges were approximately \$62,000.

Cost of service and rate design studies were done for MEAN and they went to a new budget strategy from cost-based and ended up with a new budget method, fixed cost recovery charge (FCRC). This method allows MEAN to recover the known costs and allows for rate and budgeting stability. Because of this, MEAN has been able to put money into their rate stabilization fund.

At the end of FY15-16, instead of banking the extra money they received, those dollars were refunded back to the communities. Kimball used that money to pay off the RITA payments.

Robinson left the meeting at 5:58 p.m.

Discussion was held on the member-approach and Brehm indicated that once MEAN started getting into the RTO's and it was more complicated, members have become more participative and are asking more questions. It is important that rates are kept where the municipality is either revenue neutral or better. Brehm said to make sure there are contracts with large key accounts. Nebraska still has the cheapest rates compared to the bordering states.

Brehm commented on the fiscal year 2017 Fixed Cost Recovery Charge (FCRC) chart and indicated that it is \$45 million worth of MEAN's dollars. Kimball's FCRC will go down this year from \$40,000 to \$36,000.

Brehm listed the services available from MEAN as a service schedule M member. The services include APPA and DEED dues paid 100%; computer software value support

plan; cost of service/rate design study; scholarship programs; and energy management circuit rider (audits).

Brehm indicated that Kimball is a member of the management committee and board of directors, so Kimball votes on everything that comes through. Each community has a representative and an alternate and those are the only two people that can vote. Anyone else can attend the meetings, they just can't vote.

Brehm commented on outside influencers beyond MEAN's control: governmental regulations; governmental compliance rules; weather; and the markets.

There being no further discussion, Baliman moved and Shields seconded the meeting be adjourned at 6:33 p.m. On roll call vote, the following votes were recorded. Aye: Cederburg, Fossand, Porter, Shields and Baliman. Nay: None. Motion carried.

Chairperson

City Clerk