

**MINUTES OF A JOINT STUDY SESSION OF THE PRINCETON CITY COUNCIL AND PRINCETON
PUBLIC UTILITY COMMISSION
HELD ON AUGUST 4, 2022, 4:30 P.M.**

1. Call To Order / Roll Call

Mayor Thom Walker called the meeting to order. Council members present were Vicki Hallin, Jenny Gerold and Jules Zimmer. Staff present, Administrator Michele McPherson, Clerk Shawna Jenkins, Wastewater Plant Manager Chris Klinghagen, and Fire Chief Ron Lawrence.

Council Member Jeff Reynolds arrived at 4:39pm

2. Receive Information regarding PUC's Rate Study

2.1. Presentation by Keith Butcher, Princeton Public Utilities General Manager; Basic Terms and Language

Butcher reported on the project timeline and explained the difference between power and energy. The amount of power needed changes over time, and that each customer has a unique load shape. The goal is to meet the community's needs in the aggregate.

Load Factor is the actual energy used divided by the amount of energy that would be consumed if operated for 24 hours a day for a full year. 100% load factor would mean that the equipment is always on. High load factors are preferred to low load factors.

Localized Marginal Pricing is paid for by the generator and the load. There is a mechanism that sends price signals to generators to maintain system balance.

Because electricity cannot be stored, many utility costs are driven by the system's peak. SMMPA's billing is based on the KWh delivered, the monthly demand charge which is based on monthly coincident peak and the Transmission charge which is based on annual coincident peak.

2.2. Presentation by Blair Metzger, DGR Engineering; Rate Study Results

Metzger advised that the future rate considerations will likely include power cost adjustments, energy cost adjustments, more rate classes to better segment customers by load shape type, continue shift to better match revenues and expenses. More complex rates such as demand charges for more customers, time of use and seasonal rates, and grid access charges and other cost recovery mechanisms for intermittent loads may be considered in the future.

He stated that the overall goal was to maintain the Utility in a financially viable condition, assure that all customers are treated fairly between and within rate classes, and ensure that appropriate pricing signals are being sent to customers.

The rate study process is to develop a financial (cash-flow) model covering 10 years into the future, complete a cost-of-service study that seeks to identify what portion of the overall revenue requirement of the utility each rate needs to cover and to calculate and evaluate the impact of proposed retail rates.

The proposed rates will begin to introduce the concept of time-variability, by using seasonal (summer/winter) rates. Metzger added that PPU needs to move towards TOU-based rates as well, to capture the variability in on-peak and off-peak energy costs. It is suggested to make incremental changes over time, starting with seasonality and eventually expand TOU to all customers.

Proposed rates will clean up a few practices and move toward more industry-typical practices:

- * Add more customers who both pay a demand and energy rate
- * Update rate descriptions to better fit classes of customers
- * Ensure consistent application of flat monthly customer charges
- * Revise demand “ratchet” definition to be applied more fairly
- * Introduce a Grid access charge for self-generating customers, to limit cross subsidization.

2.3. Question and Answer, Discussion

3. Adjournment

ZIMMER MOVED TO ADJOURN THE MEETING AT 6:19PM. J GEROLD SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Respectfully Submitted,

ATTEST:

Shawna Jenkins Tadych
City Clerk

Thom Walker,
Mayor