

PUBLIC UTILITIES COMMISSION

WORK STUDY SESSION MEETING

August 19, 2020, 1:00 P.M.

Pursuant to due call and notice thereof, the Work Study Session Meeting of the Public Utilities Commission, City of Princeton, was held in Princeton City Hall, 705 North 2nd Street, on August 19, 2020, at 1:00 P.M.

Present: Chairman Greg Hanson and Commissioners Dan Erickson and Rick Schwartz.

Absent: None

Also Present: Manager Keith Butcher, Secretary Kathy Ohman, City Councilor Jenny Gerold, City Administrator Bob Barbian, and Union Times Reporter Tim Hennagir.

Work Study Session Meeting was called to order by Chairman Hanson at 1:00 P.M.

There was no Public Comments.

Mr. Schwartz made a motion to approve the agenda of the August 19, 2020 PUC Commission Work Study Session. Mr. Erickson seconded. Motion carried unanimously.

PUC WATER RATES, WATER RESERVE FUND AND WATER CAPITAL EXPENDITURES:

General Manager Keith Butcher reported in 2009 the residential water rate for 1-8,000 Gallons of Water used as \$4.80 per thousand gallons in Step 1. In 2015 there was a slight rate increase. In 2019 there was a rate reduction of approximately 4% reducing the residential water rate to \$4.95 per thousand gallons in Step 1. The Water Cash Reserves has been declining each month since the beginning of 2020.

In going over the cash reserve fund, there was a discussion on why Water Cash Reserves are declining and what the possible cause could be. The discussion included going over the major water capital projects paid from the Water Cash Reserves in 2019 and 2020 and not using the Capital Improvements Fund.

There was a discussion on two major water capital expenditures coming up in 2022-2023 which will require the use of the capital improvements fund for a portion of that cost. The discussions continued into a possible rate reduction and a possible loan from the Water Utility to the Electric Utility. Transferring funds from the Water Utility to the Electric Utility is not recommended, however a loan would be more favorable from the PUC auditors standpoint. Princeton Public Utilities does have a policy in place regarding the Capital Improvements Fund what the minimum amount in this account can be and what the maximum is. The policy also includes what the funds can be used for.

General Manager Keith Butcher will provide an analysis on how a rate reduction would impact the Water Reserve Fund. The analysis should include how COVID-19 has affected the Water Reserves. He will also provide an amortization for a loan from Water to Electric.

There being no further business, Mr. Schwartz made a motion to adjourn the Work Study Session at 2:05 p.m. Mr. Erickson seconded. Motion carried unanimously.



Gregory Hanson
Chairman



Kathy Ohman
Secretary