

MURRAY MUNICIPAL COUNCIL

COMMITTEE OF THE WHOLE

Meeting Minutes

Tuesday, January 17, 2023

Murray City Center - 5025 South State Street, Conference Room, Murray, Utah 84107

Attendance:

Council Members and others:

Phil Markham – Vice Chair	District #1
Diane Turner	District #4
Pam Cotter	District #2
Rosalba Dominguez	District #3
Garry Hrechkosy – Chair	District #5

Brett Hales	Mayor	Jennifer Kennedy	City Council Executive Director
Blaine Haacke	Power Department Manager	Pattie Johnson	Council Administration
Tammy Kikuchi	Chief Communications Officer	Brooke Smith	City Recorder
G.L. Critchfield	City Attorney	Craig Burnett	Police Chief
Brenda Moore	Finance Director	Steve Olson	Fire Department
Matt Youngs	Power Department	Lorna Pasalich	Chamber of Commerce
Camron Kollman	IT	Brooke Smith	City Recorder

Conducting: Council Chair Hrechkosy called the meeting to order at 2:15 p.m.

Approval of Minutes: None Scheduled.

Discussion Items:

Net Metering Policy and Supply Cost Adjustment.

Mr. Youngs explained the immediate need for staff to reevaluate the City's net metering policy. The plan was to determine whether changes or modifications were necessary. He provided the City's current solar net metering rate that is referred to as a Schedule 35, (Attachment #1) and noted the status of solar panel installations throughout Murray's service area. The Council analyzed installations in Murray since 2006, compared Utah State tax credits with Federal tax credits and examined kilowatt production for each system size. Mr. Youngs reviewed how solar energy was produced, how net metering was measured and how credits were calculated.

It was clarified that net metering customers are not paid for the electricity they export to the grid, and they are not giving free energy to the grid, because they receive a retail credit. Currently Murray's retail rate is a one to one (1:1) credit. Mr. Youngs said many utility companies are moving away from crediting customers at the retail rate because large-scale solar projects are more affordable and less intermittent than customer owned solar generation. While customer owned solar generation systems do help reduce energy demand during system peak hours, without a battery system, those solar customers use just as much electricity as non-metering customers during evening peak hours. The reason more Murray residents are not installing rooftop solar is because Murray Power is very inexpensive and solar customers would never see a financial return on the investment to install solar. Murray's last power rate increase was in 2011, so for the cost of a solar system the payback period could take 20 years or more.

Based on the most recent third-party Cost of Service Analysis, Mr. Youngs proposed that Murray

Power would continue with the one-to-one credit rate with a 10-kilowatt installation cap for residential solar customers; and raise the 10-kilowatt installation cap to 500-kilowatts for commercial solar customers. The Council would consider the proposal in an upcoming council meeting.

Mr. Haacke discussed an additional proposal that would implement an SCA (Supplemental Cost Adjustment) common to utility industries and municipal power systems. He said Murray adopted the SCA 15 years ago, it was used sparingly and only when the City's total power costs became larger than anticipated. He reviewed the City's present electrical rate, discussed current energy challenges, and explained that the SCA mechanism would protect the power department budget overall. A copy of Murray's present Electric Service Schedule 30 (SCA) rate was provided. (Attachment #2) Staff would determine if the rate needed to be modified or adjusted.

In the meantime, if approved the SCA would assist them with handling soaring energy prices and meeting unexpected high-cost energy. Mr. Haacke would return to a future council meeting for City Council approval.

An ordinance amending Section 17.78.050 of the Murray City Municipal Code relating to the minimum area required for detached Accessory Dwelling Units.

Ms. Nixon explained the proposed amendment that would reduce the minimum area requirement for detached ADUs (Accessory Dwelling Units). A property owner made the request to change the existing minimum lot area of 12,000 square feet to 10,000 square feet. The desire is to construct a single-family dwelling with a detached ADU to the rear of the property for an onsite tenant/caretaker. Ms. Nixon said the request would be in effect city-wide for all residentially zone properties and is not just specific to this property. Council would consider the request in a council meeting.

A resolution accepting a grant award from the Department of Public Safety for the State of Utah and authorizing the execution of a Memorandum of Understanding between the City and the Department of Public Safety for the State of Utah relating to first responder mental health services.

Chief Burnett explained due to 2022 Utah Legislation, House Bill 23 – First Responders Mental Health Services, police forces are now required to look out for the mental wellness of all first responders. As part of the bill, grant funding was available which MPD applied for, and was awarded \$20,211.

The proposed resolution executes a Memo of Understanding that implements all provisions of the new legislation and allows the City to receive the funding from the Department of Public Safety. MPD would use funding for assisting with costs associated with paying for mental health resources for all first responders that would include current employees, retired officers, and all related family members.

Adjournment: 3:38 p.m.

Pattie Johnson
Council Office Administrator III

ATTACHMENT #1



Electric Service Schedule 35

Net Metering Pilot Program

APPLICABILITY:

The Net Metering Pilot Program is available to customers located within the City's current electrical service territory who

1. Purchase electricity from the City under the provisions of another electric service schedule; and
2. Own and operate a solar, wind, or hydro electric generator located on the customer's premises that
 - a. is primarily intended to offset part or all of the customer's own electrical requirements on the premises;
 - b. has a capacity of no more than ten (10) kilowatts;
 - c. is interconnected with Murray City's electric system; and
 - d. operates in parallel with the City's distribution system.

DEFINITIONS: As used in this section,

“Net Metering” is a method of measuring the difference between the electricity supplied by the City to the customer through the City's electric distribution system and the electricity generated on the customer's premises which is fed back into the City's electric distribution system.

“Net Energy” is the difference between the electricity supplied by the City to the customer through the City's electric distribution system and the electricity generated on the customer's premises which is fed back into the City's electric distribution system.

SPECIAL CONDITIONS:

1. The customer shall pay for the net energy used in accordance with the following formula:
 - a. The customer shall pay for all electric energy supplied by the City to the customer in any billing period in excess of the amount of electric energy produced by the customer on the premises which is fed back into the City's electric distribution system during that same billing period.
 - b. The customer shall receive a credit for all electric energy produced by the customer on the premises which is fed back into the City's electric distribution system during a billing period in excess of the amount of electric energy supplied by the City during that billing period, with such credit applied to the customer's future bills, except that; any electric energy credit balance remaining in favor of the customer under the provisions of subparagraph (b) at the

(continued)



Electric Service Schedule 35 - Continued

time of their April billing each year shall be zeroed out with no further liability to the City and no credit to the customer for said balance.

- c. In the event the customer terminates service under this electric service schedule, any electric energy credit balance in favor of the customer under the provisions of subparagraph (b) shall be forfeited. The City will not make cash payments to customers based on their participation in the Net Metering Pilot Program for energy produced by the customer which is fed into the City's electric distribution system.
2. The price for electric energy provided to or credited to a customer participating in the Net Metering Pilot Program shall be the price charged by the City under the provisions of the electric service schedule for which the customer receives service absent this electric service schedule 35.
3. The Net Metering Pilot Program billing adjustment only applies to charges for energy. Participating customers are subject to all other charges, rates, terms and conditions of the electric service schedule under which the customer receives service except as expressly altered by this electric service schedule 35.
4. The customer shall provide, at the customer's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electric Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), Underwriters Laboratories (UL), and any applicable local and state agencies, including any equipment deemed necessary by the City's Power Department expressly to accommodate the customer's request to qualify for this electric service schedule 35. The customer must first obtain written approval from the City's Power Department before the customer's on-site generating system is energized or interconnected with the City's electric system.
5. In order to participate in the City's Net Metering Pilot Program and to receive the benefits of this electric service schedule 35, the customer must first sign a Net Metering Pilot Program Interconnection and Service Agreement with the City. The Interconnection and Service Agreement allows the customer to interconnect and operate in parallel with the City's distribution system and allows the City to test and inspect the customer's system periodically to ensure the safety of electrical workers and integrity of the City's electric distribution system. The Interconnection and Service Agreement will contain additional terms and conditions for service under this electric service schedule 35, including specific terms of interconnection and parallel operation with the City's electrical system.
6. The Net Metering Pilot Program and this electric service schedule 35 are presently made available to customers on a trial basis. This electric service schedule 35 and the Net Metering Pilot Program may be adjusted or discontinued by the Murray City Municipal Council for any reason, at any time without any obligation to existing participants.

SUPPLY COST ADJUSTMENT: All monthly bills resulting in a balance due from the customer shall be adjusted in accordance with electric service schedule 30.

ATTACHMENT #2



Electric Service Schedule 30

Supply Cost Adjustment (SCA)

PURPOSE:

The purpose of this section is to enable the city to recover the actual costs incurred in generating and purchasing electric power for use by its customers. The SCA amount is determined by comparing the city's actual monthly power supply costs to an established base cost. If power supply costs significantly exceed projections, a surcharge will be applied on the customer's applicable monthly bill, subject to limitations imposed by the special conditions set forth in subsection D of this section.

- 1) The SCA is capped at \$0.005/kWh for an individual customer in any single month;
- 2) The total recoverable amount during a single fiscal year cannot exceed two percent (2%) of the power department's total budgeted revenue;
- 3) The minimum recoverable amount in any given month in order to activate an actual SCA collection from the customers is fifty thousand dollars (\$50,000.00);
- 4) If the SCA is collected from customers for six (6) consecutive months, then the city council will review the SCA and other applicable rates; and
- 5) Mayoral approval and notifying the city council is required prior to implementing an SCA collection from the customers.

APPLICABILITY:

The SCA is applicable to electric service furnished under all rate schedules incorporating this Electric Service Schedule 30 - Supply Cost Adjustment.

SCA FORMULA AND DEFINITIONS:

The formula for the SCA shall be as follows:

$$\text{SCA} = \frac{(S-B) \times I + C}{P}$$

Where:

- a. SCA = Supply cost adjustment surcharge, expressed in \$/kWh, to the nearest \$0.00001, and applied to all kWh sales to retail customers of the city for the applicable retail billing month.

(continued)



Electric Service Schedule 30 - Continued

- b. S = Actual system cost of supply, expressed in \$/kWh, the core costs for all purchased and self-generated power for the applicable wholesale power procurement month, divided by the total system input energy.
- c. B = Base cost of supply, the projected core cost per kWh of purchased and self-generated power and energy, currently established at \$0.04500/kWh.
- d. I = Total system input energy, expressed in kWh, the energy produced or purchased in association with the applicable wholesale power procurement month, multiplied by a line loss adjustment factor of 1.043 for system distribution and transmission line energy losses.
- e. C = Carried forward amount, the dollar amount carried forward from previous months, either positive or negative, due to circumstances defined below in special conditions.
- f. P = Projected energy sales, expressed in kWh, as determined by trending analysis for growth and seasonality, for the applicable retail billing month.

SPECIAL CONDITIONS:

- 1. The SCA surcharge shall be capped at \$0.005/kWh in any one month with the remaining recoverable portion carried forward into succeeding months.
- 2. The minimum recoverable amount in any given month will be fifty thousand dollars (\$50,000.00). Uncollected, but recoverable, amounts under fifty thousand dollars (\$50,000.00) will be carried forward into future months' SCA analyses and calculations.
- 3. Monthly SCA calculations may result in recoverable amounts not collected due to limitations detailed in this section. These uncollected amounts shall be tracked in an SCA "bank" as a debit. Monthly SCA calculations may also result in a negative amount, in which case it will be added to the "bank" as a credit. The net amount in the "bank" becomes the carried forward amount and is applied to future months' SCA calculations, except as outlined in subsection D4 of this section.
- 4. In order to maintain accounting alignment with each fiscal year, at the end of the August retail customer billing period each year, but prior to the September SCA analysis and calculations, any credits that have been accrued by the "bank" will be zeroed out. Any remaining recoverable debits, which represent actual costs incurred, will be carried forward and be subject to the same recovery process as detailed throughout this section.
- 5. The total recoverable amount during a single fiscal year will not exceed two percent (2%) of the power department's total budgeted revenue, unless approved by the Murray City municipal council.
- 6. Before an SCA surcharge is implemented, the city power department general manager or designee shall notify and receive approval from the mayor of the amount of the SCA surcharge and shall provide written notification to the Murray City municipal council of the amount of the surcharge.
- 7. If an SCA surcharge is collected from the customers pursuant to this section for six (6) consecutive months, the Murray City municipal council shall review, in a duly agendaed meeting, the reasons for the surcharges and consider the need to amend or modify electric service schedule 30 and/or other electric service schedules.