

**IN ACCORDANCE WITH THE OKLAHOMA OPEN MEETING LAW THE AGENDA
WAS POSTED JANUARY 3, 2018, AT 3:35 P.M. AT THE MUNICIPAL BUILDING,
723 SOUTH LEWIS, STILLWATER, OKLAHOMA**

**MINUTES
STILLWATER UTILITIES AUTHORITY
REGULAR MEETING
COUNCIL HEARING ROOM
723 S. LEWIS
JANUARY 8, 2017**

**PRESENT: CHAIR GINA J. NOBLE, VICE CHAIR PAT DARLINGTON
TRUSTEES WILLIAM JOYCE AND JOHN WEDLAKE
ABSENT: TRUSTEE ALANE ZANNOTTI**

1. CALL MEETING TO ORDER

Chair Noble called the meeting to order at 5:54 p.m.

2. CONSENT DOCKET

- a. Approval of minutes: Regular Meeting December 11, 2017
- b. Authorization of additional expenditures for Change Order 3 to the construction agreement with Wynn Construction Company, Inc. for Projects 15SG05 and 12SG08 – Phase 2 Flow Equalization Basin Liner Improvements and Sludge Beds 3, 6 & 7 Rehabilitation at the Stillwater Wastewater Treatment Plant (SUA-18-01)
- c. Bid recommendation for Traffic Signal Uninterruptible Power Supply /Monitoring Systems –SUA Bid #05-17/18 (CC-18-02)
- d. Approve Stillwater Utilities Authority revised 2018 meeting schedule

MOTION BY TRUSTEE WEDLAKE, SECOND BY VICE CHAIR DARLINGTON TO APPROVE THE CONSENT DOCKET AS PRESENTED.

ROLL CALL VOTE: NOBLE-YEA, DARLINGTON-YEA, JOYCE-YEA, WEDLAKE-YEA. NAY-NONE.
MOTION CARRIED WITH FOUR YEA VOTES.

3. PUBLIC COMMENT ON AGENDA ITEMS NOT SCHEDULED FOR PUBLIC HEARING

There were no requests to speak on agenda items not scheduled for public hearing.

4. ITEMS REMOVED FROM THE CONSENT DOCKET

None.

5. GENERAL ORDERS

- a. Distributed generation rate report and presentation by Avant Energy (SUA-18-03)

Electric Utility Director Loren Smith reported that on June 5, 2017 the Trustees approved the updated Net Metering Interconnection Agreement. The agreement is for customers who intend to install, own and operate an inverter-based electric generating facility using fuels derived from biomass, waste or a renewable energy source such as wind, solar or water to produce electricity having a maximum rated electrical output of 100 kW or less. Although net metering is a simple approach to dealing with customer owned generation (also known as Distributed Generation (DG) or Distributed Energy Resources (DER)), it is not the most equitable approach. There are so few customers who own generation, net metering has not adversely impacted those customers who do not own generation. However, with the growth and interest in customer owned generation, if there is an increase in customer owned generation and a DG rate is not established, the current electric rate structure will not allow the SUA to recover the full cost of serving the DG customers. If the SUA does not recover the full cost of serving any customer group, the other customer groups subsidize, which is not equitable. In order to prevent subsidization across customer classes and to allow for future growth in DG, staff has been working with the consulting firm Avant Energy to develop a DG rate design. Avant Energy Vice President David Niles

presented an overview of distributed generation (DG), DG rate alternatives considered for the City of Stillwater, pros and cons of each rate alternative and rate recommendations. The four (4) main rate alternatives were:

- Net Metering (current rate)
- Avoided Cost for All Customers
- Increased Customer Charge for Residential Customers and Avoided Cost for Business Customers
- Demand Charge for Residential Customers and Avoided Cost for Business Customers

Mr. Niles stated that Avant's rate recommendation is to implement "Avoided Cost for All Customers", which would involve two meters and one bill for DG customers, the customer is charged for all energy used at retail rate, credited for all energy generated, credit is applied to the monthly electric bill and any excess credit is rolled forward to future bills. The generation credit would be based on the Stillwater Utilities Authority's Grand River Dam Authority avoided energy cost. Avant Energy recommended that there be no fixed kW maximum for customer generation, the monthly credit would be limited to the customer's maximum monthly electric usage during the prior twelve (12) months and any customer-installed systems over 100 kW would require evaluation and special approval by the SUA. Mr. Niles stated that the avoided cost system removes the cross subsidization, which was the primary reason for this study; it appropriately compensates customers for the avoided cost the utility would have otherwise incurred; and it is relatively simple to implement. The existing net metering customers would receive less for their generation on a per-kWh basis due to the removal of the cross-subsidization. In the current Net Metering Interconnection Agreement, the SUA has the right to terminate the rate within 30 days. Avant recommended that the following alternatives be considered:

- Allow net metering customers to remain on the current rate for a set amount of time tied to average system recovery
- Transition existing net metering customers from net metering to the new DG rate after a fixed period of time
- Grandfather existing net metering customers who are on the old rate until they leave that particular house or business.

Mr. Niles stated that the next short-term steps would be to finalize the DG rate tariff, communicate changes to customers and put the new rate tariff into effect. Future steps would include collection of data from DG customers via AMI, consider a full cost of service study once the AMI is implemented and monitoring of future customer DG installation trends. Discussion was held regarding how often the avoided cost rate might change and how the demand rate charge works for larger industrial customers. Deputy City Manager Dan Blankenship stated that the DG rate is equitable and the utility has taken a neutral approach. The DG rate design will be presented to the Trustees for consideration and approval by resolution.

Mr. Smith stated that it is recommended that Trustees direct staff to prepare a distributed generation rate based on the "Avoided Cost for All Customers" approach. This approach minimizes cross-subsidization between customer classes and it has no economic impact on the SUA. The customer pays their standard retail rate for all power consumed and the SUA credits the customer for all power generated at the SUA's avoided cost. The distributed generation rate design will be provided to GRDA for review to ensure that the rate design does not violate the terms of the purchase power contract prior to being presented to the Trustees for consideration and approval by resolution.

MOTION BY TRUSTEE WEDLAKE, SECOND BY VICE CHAIR DARLINGTON TO DIRECT STAFF TO PREPARE A DISTRIBUTED GENERATION RATE BASED ON THE "AVOIDED COST FOR ALL CUSTOMERS" APPROACH TO BE REVIEWED BY GRDA PRIOR TO PRESENTATION TO THE TRUSTEES FOR CONSIDERATION AND APPROVAL BY RESOLUTION.

ROLL CALL VOTE: NOBLE-YEA, DARLINGTON-YEA, JOYCE-YEA, WEDLAKE-YEA. NAY-NONE. MOTION CARRIED WITH FOUR YEA VOTES.

6. REPORTS FROM OFFICERS & BOARDS

- a. Miscellaneous items from the General Counsel: None.
- b. Miscellaneous items from the General Manager: None.
- c. Miscellaneous items from Trustees: None.
 - i) Discussion about scheduling items for upcoming meetings

7. QUESTIONS & INQUIRIES

None.

8. ADJOURN

MOTION BY TRUSTEE WEDLAKE, SECOND BY VICE CHAIR DARLINGTON TO ADJOURN THE JANUARY 8, 2018 REGULAR MEETING OF THE STILLWATER UTILITIES AUTHORITY.

ROLL CALL VOTE: NOBLE-YEA, DARLINGTON-YEA, JOYCE-YEA, WEDLAKE-YEA. NAY-NONE. MOTION CARRIED WITH FOUR YEA VOTES.

The January 8, 2018 meeting of the Stillwater Utilities Authority adjourned at 6:26 p.m.

**GINA J. NOBLE, CHAIR
STILLWATER UTILITIES AUTHORITY**

**ELIZABETH CHRZ, SECRETARY
STILLWATER UTILITIES AUTHORITY**

DRAFT