



CITY OF PUEBLO ELECTRIC UTILITY COMMISSION

MEETING MINUTES
MAY 16, 2019

The meeting is called to order at 3:00 pm

Attendees: Mark Aliff, Co-Chair, Tommy Farrell, Tom Corlett, Seth Clayton, Nina Vetter, Terry Hart, Laura Getts

Also, in attendance: Dan Kogovsek, City Attorney

Absent: Chris Nicoll, Co-Chair

Minutes of meeting of April 18, 2019 approved

Public Comment

Jim Seward, Director of Operations, Black Hills Energy

Mr. Seward read the following statement into the record.

“The fact or fiction page and your communication plan for the Electric Utility Commission currently states that \$38 million is leaving pueblo every year. This \$38 million number is outdated and incorrect. For 2018, our publicly available data [for reference, our Appendix A filing] provides that Black Hills Colorado Electric, LLC d/b/a /Black Hills Energy, generated \$26.4 million in operating earnings after interest. Furthermore, \$26.4 million is the operating earnings after interest for our entire system, not just the amount contributable to the City of Pueblo. Additionally, it’s worth noting that we annually invest an average of approximately \$32 million dollars of capital to maintain the infrastructure and provide safe and reliable service to our 96,600 customers across southern Colorado.

Our financial statements are not broken down by community, and our system is not built to serve specific communities independently, so paring this number to represent only the City of Pueblo is nearly

impossible. It is true that a large amount of our residential customers is in Pueblo. However, it is also true that numerous large power users are located outside the city of Pueblo. Thus, breaking down

Pueblo's contribution to the \$26.4 million of operating earnings after interest would require a complete examination of all loads and factors influencing Black Hills' system, not just a simple comparison of the number of residential customers inside and outside of Pueblo.

In summary:

- \$38 million is outdated and incorrect
- The \$26 million in operating earnings is the entire BHE - COE footprint in southern Colorado
- And BHE - COE invests \$32 million in capital on average annually

For these reasons, we respectfully request that the City and the Electric Utility Commission remove the claim that \$38 million is leaving Pueblo every year. The statement is inaccurate and not consistent with publicly available information and does not include the significant infrastructure investment we make every year which exceeds \$26 million."

Steve Andrews, Pueblo's Energy Future

Mr. Andrews began by praising the EUC for its role in the Monday night five to two vote by the Pueblo City Council to fund a Phase Two study by EES Consultants into the feasibility of a publicly owned utility. Mr. Andrews says he found a few errors in the statements made by Black Hills Energy during the meeting, and he and the other Pueblo Energy Future members would be glad to serve as a fact-checking body for the EUC. One thing he called into question from the Monday meeting was a chart showing residential rates from 2012/2013. He said if the same charts had been shown from a period back in 2009, it would be easier to see how much rates had grown in that period, and there was no way they could be insignificant, but were substantial, including commercial customers. In conclusion to his remarks concerning rates, if natural gas should have been included in collected numbers, and other energy issues, he promised that the PEF would continue in a fact-checking and fact-sharing mode of information for EUC.

Staff Report

Nothing to report.

Old Business

Nothing to report.

New Business

Nothing to report.

Subcommittee Reports

1. Public Relations

Tommy Farrell

The subcommittee held a meeting just prior to the EUC meeting with Kim Newcomer and Ashley Lauwereins from Slate Communications. The subcommittee went over the next few steps for a communication plan. Among the first items is to gather an email list for the newsletter which is under revision and will be ready to go out soon. The newsletter is expected to center on what was learned and has happened since the completion and release of the Phase I Feasibility study conducted by EES Consultants. Once revisions are completed on the newsletter, Slate will reach out to shareholders to share the newsletter.

The Pueblo City Council meeting of the previous Monday was also discussed. The subcommittee and Slate would like to forge a tighter relationship with City Council, the Pueblo County Commissioners, and the Pueblo West Metro Board.

They plan on providing more information about communication plans and strategies to those government groups, by not only making recommendations, but sharing the reasoning behind those recommendations. Slate will continue to distribute messaging during the time the Phase Two study is being conducted.

Tom Corlett

Mr. Corlett added that the group's intent is on being more proactive in providing information to stakeholders and City Council. The group discussed public outreach and what might be done while Phase Two is underway.

Mark Aliff

Mr. Aliff asked for an elaboration on what the EUC could do as a body moving forward. He says it will be from sixty to ninety days before the Phase II part of the feasibility study will be completed and he wants to know what kind of plan the EUC has for communication. He says the group needs to be cognizant of the public's feelings about Phase II and was polling or a survey something that needed to be considered.

Tom Corlett

Mr. Corlett says the subcommittee is looking at ways to get responses from the community. At one time, a scientific survey was discussed. However, that would not be something Slate can do now, as that issue would be the mayor's decision.

At present, the subcommittee is looking for engagement through the web site, social media, and the upcoming newsletter. It agrees that the approach to more engagement will be a challenge.

Tommy Farrell

Mr. Farrell believes that increased engagement with stakeholders could be helpful, enabling the subcommittee to communicate with them and the people stakeholders are in contact with.

Tom Corlett

Mr. Corlett says the idea of having EUC members go out and communicate with different groups themselves is an idea.

Seth Clayton

Mr. Clayton cautioned the group about what ideas might be put out to the public before a Phase Two study was completed. He says the group must be careful with the message to avoid communicating information that may have to be retracted or reworked later. He says as the group plans what message is disseminated, they must be careful, especially if they don't have all the information. He wants to avoid having to re-educate the public about information that may be less than complete before Phase II is completed. After that time, it would be easier to

optimize the results. Mr. Hart agreed, saying the group should, at this time, stick with any information gathered from Phase I.

Tom Corlett

Mr. Corlett says he is aware that some in the community may have the idea that the EUC has its minds made up about municipalizing the electric utility, and that's not true. Their purpose he says is to gather information and then report those findings back to the city council.

Terry Hart

Mr. Hart agreed, saying the EUC 's purpose is to remain neutral and analyze information and then give the best recommendation to council. He adds that there is still a lot of work to be done before talking to with council. He believes the EUC should be communicating with the public on a more regular basis, and 'communication is not a one-way street.' He believes conversations should include not only Pueblo residents, but county residents, and those in the area that could be impacted by a change in the relationship with BHE. He calls for a list of talking points for the EUC members that would provide information when engaged in talks with citizens or citizen groups. He agrees with Mr. Clayton about the need to avoid misinformation, so corrections would not have to be made later. He also says that any semblance of bias should be avoided as the group is neutral.

Tom Corlett

When the question was raised who would provide talking points, Mr. Corlett said it should be Slate and the EUC working together. He would also like to see forum in the community for people to share information and ask questions. He says information also should not 'go dark' for weeks. He says even if there is not new information, the public can still be given updates on what is going on with the EUC or Phase II. He called for a relatively 'skinny' document that would need few changes as it was put together. Changes can be expensive, he says, and expectations should be discus

Other Business Nothing

to report.

Adjournment at 3:30

Next meeting June 20, 2019

