PUBLIC UTILITY ADVISORY BOARD
CITY OF TRUTH OR CONSEQUENCES, NEW MEXICO

Tuesday, January 30, 2007

SPECIAL MEETING
Minutes

TIME & PLACE: The Public Utility Advisory Board of the City of Truth or
Consequences, New Mexico, in the County of Sierra, and State
of New Mexico, met in Special Session in full conformity with
the Law and Ordinances of said Board, at the Commission
Chambers of said City, on Tuesday the 30th day of January, 2007
at 5:30 P.M.

PRESIDING OFFICER: The meeting was called to order by Lola Polley, Vice Chairman
and Hazel F. Peterson acted as Secretary.

ATTENDANCE: Upon calling the roll the following members were reported
present:

Lola Polley, Vice Chairman
Charles Hibler, Member
James Hunt, Member
Bill Jacka, Member

Absent Were
Alvin Siffring, Chairman

Also Present:
Jaime Aguilera, City Manager

QUORUM: There being a quorum present the Board proceeded with the
business at hand.

REVIEW OF WHEELING AGREEMENT WITH TRI-STATE:
Jaime Aguilera, City Manager stated that when the contract with
Sierra Coop ended in December 2006 so did the Wheeling
Agreement, which is a transmission agreement with Tri-State.
However, they couldn't update that agreement because it
required first that Sierra Coop and Tri-State enter into an
agreement on their power agreement. He stated the city had to
wait for that to happen before the city could update its agreement
with Tri-State.

He stated that the agreement between the Coop and Tri-State
hasn't happened yet but it is now getting very close, it's been
written up, its been review by both parties and they're about to
enter into that agreement. He stated now Tri-State has started to
put an agreement together that the city can review so that the city
can renew that agreement.

Mr. Aguilera stated what they did was they took Amendment
No. 4 of the original Wheeling agreement from Tri-State and
they took Amendment No. 3 and turned it into Amendment No. 4
which will be the new agreement with Tri-State for Wheeling
services.

He stated they gave him two copies, one is what they call a
redline copy which shows the changes to Amendment No. 3, and
then an original which showed the changes back and forth
between the two agreements. He stated what he gave this board
to review was the redline version of Amendment No. 4 which is
an amendment to No. 3 so they can see what traditionally had
been our agreement with Tri-State and then what the new wording is that Tri-State wants to put into the agreement.

Mr. Aguilera stated the reason he asked for a special meeting was because they need to move quickly to approve this agreement because the city was operating on no agreement right now.

He stated that having said this he did not want this board to feel pressured and approve something they are not comfortable with. He stated he wants to make sure that if this board doesn’t think they have had enough time tonight to approve it or if they don’t think they have enough information they could certainly continue it, but he would like to have another special meeting so they could keep this review of the agreement going.

Mr. Aguilera stated that Charlie was the person on this board that knows more about what’s happening with these prior agreements and at this point he is hoping that Charlie could maybe enlighten them as to what the differences are between Amendment No. 3 and now Amendment No. 4.

Charles Hibler stated that after reviewing it he doesn’t see a lot of changes except in the names that are in the blanks. He stated there are a few changes in the working, but he doesn’t think they have any significant effect on the agreement.

He stated that the power that the city buys from Sierra Coop is bought FOB or substation it’s delivered. The power the city buys from WAPA (Western Area Power Authority) is bought at the Glen Canyon generating plant. He stated that what this agreement covers is to facilitate getting the power from Glen Canyon down here to our substation. He stated it’s pretty much the same way that we’ve operated in the past except its just different names in the contract more than anything.

Mr. Hibler stated he has looked at it and he can’t see anything that looks out of order to him he thinks it looks fine. Mr. Aguilera asked Mr. Hibler if the fees or charges to the city were in line.

Mr. Hibler stated he believes they are the same as what the city has been paying, but this does not mean that they won’t go up because they will. He stated that it was his understanding at Tri-State’s presentation that there would be no change in the cost of the fees.

He stated he could see no reason not to renew the contract.

"Charles Hibler moved to recommend approval of Amendment 4 to the Transmission Service Agreement between the City of Truth or Consequences and Tri-State Generation and Transmission Association, Inc. and submit it to the City Commission for their consideration."

Seconded by James Hunt

Motion carried unanimously.

AUTOMATIC RATE INCREASE:

Charles Hibler stated this item has to do with how the city is handling the increase. He stated this went into effect so quickly the city didn’t have time to go the regular route of a rate increase. He stated it’s probably adequate but he’s speaking for himself, he’s not real comfortable with the wording of the pass-through. He stated that maybe to be on the safe side maybe there should be a tariff increase, and this pass-through would take care
of the increase in cost until such time as a new tariff is put into effect.

Mr. Aguilera stated this was reviewed before the end of December with the city attorney and there is legislation in our codes that says we can pass-through cost increases, and this is a cost increase, and this is a pass-through. He stated in other words we are not charging more it’s not like there’s a cost increase of 10% and we’re passing through the cost increase to the customer of 15%. He stated there is an increase to the city of 15% that we are passing through as a cost increase of 15% to the customer.

Mr. Aguilera stated number one it’s a legal process, number two there was also a concern that maybe the customers hadn’t gotten enough notification, but the reality is that we’ve been talking about a rate increase since probably going on last March if not even before that. He stated there have been several stories in the newspapers about a rate increase.

Mr. Aguilera stated that in the beginning they talked about a 60% rate increase then things changed and they got more numbers and said maybe it’s going to be a 30% increase, which was reported several times and there were hearings at this level and there were hearings at the Commission level with more discussion about a rate increase. Finally we got down to the real numbers somewhere around October, which made us feel real certain that it was not going to be over 20%. Then by November we were talking about exact numbers, about 15%. He stated that through November and December people knew the exact increase was going to be 15%.

He stated that the rate pass-through didn’t have to go through the City Commission, it just had to be put into place, but he specifically put it on the agenda and mentioned it to the Commissioners that the law said we could have a pass-through. He stated he wanted the Commission to know this was going to be done and asked if they had any problems, and the Commission stated that was fine, the code says this could be done so just do it.

Mr. Aguilera stated that everything was clear and aboveboard, the attorney’s looked at it, and the public certainly got enough notice. He stated he doesn’t believe there is anything else that has to be done that should be done.

Charles Hibler stated he was not questioning that. He stated this was an issue six years ago, the very same thing where there was a pass-through and the result was there was quite a turnover on the City Commission.

He stated that what was happening was that pass-through’s were being made with no explanation to the general public. He stated he would feel more comfortable if the city didn’t get into that situation again. He stated that what has been done is fine.

Further discussion ensued.

It was the consensus of the Public Utility Advisory Board that a notice be generated each time there is a pass-through rate increase with an explanation as to the reasons for that increase.

The Board also asked the City Manager if he could check into the possibility of a separate line item on the monthly billing that would reflect the pass-through charge.
ADJOURNMENT: There being no further business to come before the Public Utility Advisory Board Lola Polley, Vice Chairman declared the meeting adjourned.

APPROVAL: PASSED AND APPROVED this _26_ day of _February_ 2007, on motion duly made by _Charles_ Hillier, seconded by _James_ Hines, and carried.

Lola Polley, Vice Chairman
Public Utility Advisory Board