



1 explained that the rate increase is necessary to offset the higher costs of purchased power, as  
2 well  
3 as the increase in cost for fuel at the City generation plant. In response to a question from the  
4 Commission, Mr. Hardy indicated that rates have increased 40 percent since 2000; however,  
5 BCL&P remains competitive with Rocky Mountain Power. Total generation and resources in  
6 the proposed budget is up 4.7 percent and includes 14 MW of IPP resource (\$1,259,442) to  
7 replace the \$643,720 of Idaho power. He reviewed other resources and noted that power  
8 generation is scheduled to be up 21 percent to help in covering the increase in resource costs.  
9

10 The contribution to the General Fund will be reduced to 11 percent of Electric Metered  
11 Sales (previously at 12 percent). Mr. Hardy stated that sales tax revenue should cover this  
12 difference in revenues for the City General Fund. Electric Metered Sales are anticipated to stay  
13 the same. Net Future Power Reserves of \$2,403,820 will support operating and capital projects  
14 expenses which are considered critical and in the best interest of BCLP's customers. Net  
15 Emergency Equipment Reserve Contributions are set at \$31,614 with \$78,750 interest income  
16 partially offset by \$47,136 for annual boiler/machinery insurance. The budget also includes a  
17 Note Payable payment to the City in the amount of \$254,238.  
18

19 Operating Expenses are up 5.7 percent which includes increases in labor and benefits and  
20 tree trimming, but are partially offset by meter expenses. There is no proposed increase in the  
21 number of full-time employees. He reviewed some of the larger proposed expenditures, and  
22 stated that capital expenditures will include the replacement of four vehicles, \$350,000 to replace  
23 the existing SCADA system, and \$400,000 to upgrade the 138 substation in conjunction with  
24 work that will be done by Rocky Mountain Power. Total Capital Expenditures are budgeted at  
25 \$2,675,000 (down from last year). Non-operating Expenses of \$118,861 are budgeted for  
26 interest expense on the \$3 million loan from the City.  
27

28 Mr. Johnson reviewed the list of firm power resources upon which the budget is based  
29 and responded to questions from the Council and Commission. He pointed out that 42.8 percent  
30 of our resources are clean power. Time of day metering was discussed, as well as other  
31 alternatives for rate structuring. (Councilman Higginson was excused at 6:30 p.m.). Mr.  
32 Michaelis commented on changes in technology and how this is impacting the power industry.  
33 Commissioner Foster made a motion to recommend approval of the proposed budget to the City  
34 Council. Commissioner Pitcher seconded the motion and voting was unanimous.  
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36 The meeting adjourned to a Power Commission executive session for the purpose of  
37 discussing litigation and future contracts and the City Council was excused at 6:55 p.m.  
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42 JOE L. JOHNSON, Mayor  
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45 KIM J. COLEMAN, City Recorder

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