

March 8, 2021

Glen Elder City Council Special Minutes

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The Glen Elder City Council met in special session on Monday night at 7:00 p.m., March 8, 2021 at City Hall with Mayor Darel Stuart presiding and council members: Sheila Paxson, Barry McPeak, and Larry Wheeler present. Also in attendance: Erica Villarreal, Eldon Behymer and Jerri Senger.

Sunflower Electric Bill

Erica Villarreal, Power Contracts Manager with Sunflower Electric Power Corporation presented the council with a detailed presentation explaining the February 2021 cold weather event and how it effected electric bills for their company and customers. She said Sunflower is a not-for-profit corporation with all charges passing through to their customers, like the City of Glen Elder, with an energy cost adjustment. Erica said that Sunflower does hedge power supply which helped them cover 3/4ths of Sunflower's exposure to the market during this period. The issue was low supply and high demand during the extreme cold spell, that was not predicted in February. Natural gas prices increased almost 400 times compared to normal, and market energy prices increased almost 200 times. She mentioned there was no wind during the event and it was so cold that some natural gas pipe valves froze and gas could not pass through them. Erica reported that Sunflower and Southwest Power Pool has never had an event like this.

Glen Elder's share of the expense is \$96,583.37 for 341,284 kWh, which calculates to \$.283/kWh. Erica informed the council that Sunflower will be sending this amount in the March bill, that will be due in April. Sunflower is willing to spread out the cost of this bill over 24-months at an interest rate of 2.45% to the city.

The council discussed the Municipal Low-Interest Loan Program offered by the State of Kansas for municipalities with high utility costs during the cold weather event. The council was relieved to hear the low interest rate of 2% below market rate or a minimum of .25%, however they were concerned about passing on higher costs to customer for 10 years, the term of the loan.

The clerk reported visiting with the auditor about the situation. The auditor feels Glen Elder is fortunate compared to some cities that would've had to file bankruptcy if the State hadn't developed the Municipal Utility Low-Interest Loan Program. The auditor is comfortable with the amount of money budgeted in the electric fund and if the council wishes, the bill could be paid in full. Barry made a motion to pay the Sunflower energy cost adjustment bill in full in April and spread out the fuel cost over the next two years to customers. Larry seconded the motion and the vote carried with three ayes.

There was quite a bit of discussion on exactly how to pass the energy cost adjustment bill on to the customers. The council discussed billing customers for their February usage, times the energy cost per kWh as calculated by Sunflower. There was also discussion about charging each February customer a flat \$20.00 per month for 24 months. The council asked the clerk to make a special line item on the utility bills calling it "winter storm adjustment", if possible. The clerk mentioned an ordinance or resolution may be needed to bill for the extra energy cost.

With no other business, Sheila made a motion to adjourn the meeting. Larry seconded the motion and with three council members voting aye, the meeting was adjourned at 8:10 p.m.

(These are unofficial minutes, until approved at the next council meeting!)

Jerri Senger
City Clerk