

October 27, 2021

Staff Report and Recommendation to the Alta Town Council on the Rocky Mountain Power Franchise Agreement

The town's Franchise Agreement (Agreement) with Rocky Mountain Power (RMP) expires February 9, 2022, attached.

This agreement was for a 5-year term, the town's agreement has traditionally been for 10 years. Rocky Mountain Power Franchise agreements are commonly 20 or more years.

Five years ago, when the Agreement came up for renewal, the council was unhappy about what was felt to be a large number of power outages.

After discussions with RMP, the Council agreed to sign the Agreement, but for a 5-year term instead of 10 years, both to keep the town's service at the forefront of RMP's thoughts and to leverage the agreement for better service, less power outages. The discussions with RMP included undertaking new projects, like an automatic switch in Alta in the event of an outage, which would automatically switch over to down canyon power, commonly called the Quarry Feed, when Alta's power from the Brighton feed was interrupted. A new line up the canyon from the Quarry Feed was also discussed.

Without going into detail, the options were reviewed by RMP in 2017. The auto throwover switch in the event of a power outage was investigated. That option would require a physical location, resembling a small substation, lines would still have to be manually inspected for safety prior to switching power sources and the auto switching site would cost approximately \$39,000 (2017), plus maintenance.

The second option reviewed was the Quarry Feed and installing a new line up the canyon. The Quarry Feed is reliable, has been and continues to be consistently repaired and portions of the line replaced to the point where currently so much of the Quarry Feed has been replaced after problems, it is no longer practical or necessary to install an entire new line. Plus, line replacement costs are prohibitively expensive.

The town's main feed comes over from Big Cottonwood Canyon, called the Brighton Feed. The Brighton Feed has also been continuously upgraded with maintenance, equipment replacements, fault detectors making it more reliable. Additionally, the transmission line into the Brighton Substation coming from Park City is scheduled to be upgraded within the next 18-24 months, with fire mitigation protection and system hardening measures that are expected to further improve reliability.

This brings us to the present, and back to the Agreement.

There are three main purposes for the Franchise Agreement.

- 1) To allow RMP use of town rights of way,
- 2) To allow RMP to provide the town service (as regulated by the Public Service Commission) and
- 3) To allow RMP to collect and distribute back the town the town's franchise sales and use tax on utility bills.

Due to Alta's unique situation along a state highway with private and forest roads within town boundaries, the town has little to no rights of way used by RMP.

As a regulated utility serving the town, RMP is the sole provider of power service, so there is no other company to go to for service. Snowbird has just completed a new cogeneration plant, but by law cannot be a reseller of power. However, the new cogeneration plant could potentially help by freeing up capacity from the Quarry Feed in the case of an emergency.

Some municipalities, like Murray City, do have their own power companies. Those tend to have been in existence for many years and that really isn't a realistic possibility for the Town of Alta given the tremendous costs associated with transferring ownership of utility assets as well as ongoing operational costs and complexities, at least not presently.

Collection of and redistribution of the franchise tax back to the town is an important source of revenue for the town.

RMP has been responsive to our concerns, is regulated and monitored by the Public Service Commission and it is in their best interest to provide a high level of service to the Alta community.

The Agreement does have a clause which allows for amendment by good faith negotiation between the town and RMP with 30-day notice.

The town and RMP are in contact regularly and RMP continues to work in good faith address any town issues

RMP will be presenting information and background related to the Agreement at the work session in our meeting on November 10, 2021. That will be an opportunity for questions and concerns related to the power service.

Staff would recommend signing the Agreement, and for a term of 10 years instead of 5, putting us back on a more regular, standard, schedule...