

Second Reading of Franchise Agreement with Black Hills Energy Passes

By Brittany Trandahl
Gazette Reporter

Black Hills Energy (BHE) has been the primary electrical service provider for the Town of Upton for the past 40 years. On December 4 of this year, their current operating contract between the Town and BHE will expire. At their September 9 meeting, the Town Council approved the first reading (of three readings) of Ordinance Number 2, Series 2024 "A Non Exclusive Franchise Agreement from the Town of Upton to Black Hills Power, Inc." This new contract being 25 years in length would begin in January of 2025 to extend the expiring contract with the option to end the contract at the 10 year mark.

During the public comments portion of the Town Council's regular meeting on Tuesday, October 8, community member and business owner, Debbie Douglas came before the Board to present her interest in starting a new electrical contract with Powder River Energy Corporation (PRECorp), upon the advice of a former board member of PRECorp. She stated that there are other community members interested in pursuing PRECorp for their provider as they are a member owned cooperative and a Wyoming-based business.

"Since you are shopping for the entire community, homes, and businesses, it would be a prudent action on your part to consider all the sources," added Douglas. "I really think it's a good idea, it could save us money down the road and could improve our infrastructure."

Mayor Nick Trandahl then spoke, stating that he,

Superintendent Mark Lindstrom, and Clerk-Treasurer Kelley Millar recently met with PRECorp CEO Brian Mills and Chief Engineer Quentin Rogers. "We wanted to hear straight from the horse's mouth, what does all this involve," he said. According to CEO Mills, the dominos have already fallen with BHE's final payment in August to the Town for the remaining infrastructure, completing the purchase which began in 1979. PRECorp would have to first perform a study to ensure this would be a feasible move for them; purchasing the Town's electrical infrastructure, replacements, upgrades, and ultimately how those costs would be absorbed and passed onto their customers. A study of that magnitude should have been done years ago if they wanted to move forward now. Mayor Trandahl relayed Chief Engineer Quentin Rogers said that PRECorp will be starting that study now and potentially in the future, the Council at that time, could consider PRECorp will all the information needed. Under the new Franchise Agreement drafted by BHE, there allows for a ten year window at which time, the Town Council could revisit the contract, make adjustments, or even consider another provider. CEO Mills suggested that would be the optimal time for them to present their study findings.

"He [CEO Mills] was clear that the rates are comparable with both companies," added Clerk-Treasurer Millar. She had also prepared figures comparing two of the Town's lift stations. The lift station on Lincoln Street has power provided by Black Hills

Energy, while the lift station at the Industrial Park runs on PRECorp power. The Kilowatt per hour costs are incredibly comparable when averaged out, but with BHE coming out cheaper at 11¢ while PRECorp was 13¢ kWh. Clerk Millar also relayed that CEO Mills urged not to make a decision on cost, as that changes constantly, make a decision on service.

"At this point, the margins are razor thin. Sometimes PRECorp is more expensive, sometimes BHE is more expensive," added Mayor Trandahl. "If PRECorp did take over, there were no assurances that rates wouldn't increase, specifically for Upton's residents having to shoulder that infrastructure purchase from BHE." Mayor Trandahl added that the Town currently has a franchise agreement with PRECorp and a good working relationship

Following Douglas' presentation, the Board discussed the idea of letting their current contract with BHE lapse this December while waiting for PRECorp to present their findings.

Attorney Mark Hughes [who stated earlier in the conversation, he was biased, being the PreCORP attorney for 35 years] said, "I don't think there would be any consequences now, if you were to ask PRECorp to provide that study as soon as possible and in the meantime, delaying the implementation of this Ordinance with BHE. There's nothing wrong with requesting a second

(Continued on Page 9)

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