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**MINUTES OF THE  
BOUNTIFUL CITY POWER COMMISSION**  
June 25, 2019 - 8:00 a.m.

**Those in Attendance**

**Power Commission**

John Cushing, Chairman  
Susan Becker  
Dan Bell  
David Irvine  
John Marc Knight, City Council Representative  
Jed Pitcher  
Paul Summers

**Power Department**

Allen Johnson, Director  
Jay Christensen  
Alan Farnes  
Dave Farnes  
Jess Pearce  
Luke Veigel

**Recording Secretary**

Nancy Lawrence

**WELCOME**

Chairman Cushing called the meeting to order at 8:00 a.m. and welcomed those in attendance. Commissioner Bell offered the invocation.

**MINUTES – May 21, 2019**

Minutes of the regular meeting of the Bountiful City Power Commission held May 21, 2019 were presented and unanimously approved as written on a motion made by Commissioner Irvine and seconded by Commissioner Summers. Commissioners Cushing, Becker, Bell, Irvine, Pitcher, and Summers and Councilman Knight voted “aye”.

**BUDGET REPORT – YEAR-TO-DATE 11 MONTH PERIOD ENDING  
31 MAY, 2019**

Mr. Christensen presented the Budget Report for the Fiscal Year-to-Date 11-month Period Ended 31 May, 2019. He noted that July 2018 through April 2019 is final (with estimates as shown) and May 2019 is preliminary.

Total revenues YTD were \$28,583,068, above its historically allocated budget (HAB) by \$155,941. Major items above their HABs included: electric metered sales, above by \$106,765; preliminary interest income on investment, above by \$145,344; preliminary interest income on rate stabilization fund, above by \$21,255; and gain on sale of fixed assets, above by \$58,858 with the sale of used vehicles and the 62 MVA and 75 MVA transformers from the 138 KV substation. These accounts were partially offset by revenues below their HABs in the following accounts: street light income, below by \$(47,630); connection fees, below by \$(18,413); and contribution in aid to construction, below by \$(168,304).

Total Operating Expenses YTD were \$23,856,000, below its HAB by \$1,091,290. Major items below their HABs included: power costs, below by \$1,071,713 due to careful purchasing and scheduling of power resources on a daily basis by Mr. Johnson; and distribution expense, below by \$92,786. These were partially offset by: street light expense, above by \$(94,711); special equipment expense, above by \$(35,122) with an unbudgeted expense for 5-meter phasing kits required by OSHA to meet arc flash requirements and a budgeted purchase of a 3-phase meter tester; substation expense, above by \$(37,021) with the write-off of a \$97,007 obsolete 138

1 KV transformer in February; and loss on deleted fixed assets, above by \$(95,658) with the  
2 transfer of the traffic signal system assets and accumulated depreciation to the City's  
3 Engineering Department in December 2018.

4  
5 Total Capital Expenditures YTD were \$2,411,508, which included materials, labor, and  
6 third-party work on the 138 KV substation, feeder #575, the feeder inter-ties for #573-#676 and  
7 #673-#271; feeder #37X East; the Stone Creek (Keller) project; the Culver's project, and other  
8 projects.

9  
10 Labor and benefits expense YTD was \$3,788,683, below its 88.2% YTD target by  
11 \$167,840.

12  
13 The net margin for the YTD was \$2,315,559, above its HAB by \$980,337 largely due to  
14 lower than budgeted power costs.

15  
16 Total Cash and Cash Equivalents were a net \$25,995,818 at month end, up \$686,824  
17 from \$25,308,994 at 30 June 2018. The item giving greatest strength to the positive cash  
18 position was the net margin. Discussion followed regarding changes in the Balance Sheet and  
19 the Cash Flow Statement, particularly with respect to the investment accounts used by the City.  
20 In response to a question from Commissioner Pitcher, Mr. Johnson stated that the City is not  
21 required to be in the State fund.

22  
23 Commissioner Summers motioned for the Budget Report to be approved; Commissioner  
24 Bell seconded the motion and voting was unanimous. Commissioners Cushing, Becker, Bell,  
25 Irvine, Pitcher, and Summers and Councilman Knight voted "aye".

26  
27 **ECI NORTHWEST SUBSTATION ENGINEERING APPROVAL**

28 Alan Farnes reviewed that the Northwest substation is the oldest substation on our  
29 substation (built in 1971-72). It is located east of the Viewmont High School football field. In  
30 an effort to correct several system reliability and safety issues, this substation needs to be  
31 upgraded and the 2020 budget begins to fund this work. He reviewed the proposed schedule,  
32 including awarding a bid for a General Contractor and ordering long-lead equipment items. A  
33 cost estimate has been requested from Electrical Consultants, Inc. (ECI) to assist with the  
34 engineering consulting services for this project. They have worked with us on several projects,  
35 most recently the rebuild of the 138 substation, and we have a good working relationship with  
36 them. It is the recommendation of staff that approval be given for the services of ECI, not to  
37 exceed a cost of \$350,000 for the requested engineering services. Commissioner Summers  
38 motioned to recommend approval of the \$350,000 fee for electrical consulting services.  
39 Commissioner Irvine seconded the motion and voting was unanimous. Commissioners Cushing,  
40 Becker, Bell, Irvine, Pitcher, and Summers and Councilman Knight voted "aye".

41  
42 **ECHO EMERGENCY PLANT REPAIRS**

43 Alan Farnes explained that there are three turbines at the Echo hydro plant and a problem  
44 developed with the #1 unit (rated at 1,750 watts). This unit has been taken off line and Prime  
45 Machine Inc. (experienced with maintaining and rebuilding turbines) was contracted to inspect  
46 the turbine and determine what the problem is. The total cost to mobilize their crew and

1 equipment, dismantle, inspect, and reassemble and demobilize this unit is \$33,113. The City  
2 Manager authorized this expenditure due to its sensitive nature, and staff now seeks the  
3 Council's approval. Commissioner Pitcher motioned that the Planning Commission recommend  
4 this expenditure to the City Council. Commissioner Becker seconded the motion and voting was  
5 unanimous. Commissioners Cushing, Becker, Bell, Irvine, Pitcher, and Summers and  
6 Councilman Knight voted "aye".  
7

### 8 **ECI 3100 SOUTH ENGINEERING APPROVALS**

9 Mr. Veigel explained that the rebuild of the Feeder #575 line which runs along 3100  
10 South from Orchard Drive to 400 East is one of the projects in the 2019-20 budget. This is part  
11 of the long-term plan to upgrade feeders for capacity and dependability. This project will require  
12 a few steel poles, which are a long-lead item. In anticipation of this schedule, and the need for  
13 engineering consulting services, it is the staff recommendation that the services of Electrical  
14 Consultants Inc. (ECI) be approved. The 2019-20 budget includes \$550,000 for this project and  
15 ECI has provided a not-to-exceed cost estimate of \$35,000 for engineering services for same  
16 project. The costs for design of the wood poles portions of this project will be done in-house.  
17

18 Commissioner Pitcher asked if competitive bidding was required and Mr. Veigel  
19 explained that it is not required to have competitive bidding for engineering services.  
20 Commissioner Irvine asked about the considerations of wood vs steel poles and Mr. Veigel  
21 explained that the main difference was in the anchoring. Wood has to have guy wires for support  
22 and cannot be used in areas where there are sidewalks, etc. Following a brief discussion,  
23 Commissioner Irvine motioned that the Planning Commission recommend approval of ECI  
24 engineering services to the City Council in an amount not-to-exceed \$35,000. Commissioner  
25 Bell seconded the motion and voting was unanimous. Commissioners Cushing, Becker, Bell,  
26 Irvine, Pitcher, and Summers and Councilman Knight voted "aye".  
27

### 28 **DIRECTIONAL BORING UPDATE**

29 Mr. Veigel explained that Hunt Electric and their subcontractors are working to change  
30 out street light wires which were directly buried in the ground. The wires are being put in  
31 conduit, and then the wires are attached at the bottom of the pole. Boring is done instead of  
32 digging to facilitate less disruption to ground-level amenities. 15 poles have been identified  
33 currently and there is one boring crew and one wiring crew working with Hunt Electric to  
34 complete this work.  
35

### 36 **RED MESA SOLAR PURCHASE DISCUSSION**

37 Mr. Johnson explained that the Red Mesa solar project through UAMPS is being  
38 considered as a high/low resource match for the 6 MW of the turbines at our plant, but final costs  
39 are not yet known. The estimated average cost could be approximately \$30.50 per MWH. This  
40 is a 25-year project, located on the Navajo reservation and appears that it will be successful;  
41 however it is not yet finalized. The City Attorney has not yet reviewed the contract and needs to  
42 look at it. High load projects are currently provided between CRSP and the power plant, with  
43 additional needs coming from the market. The CRSP project is a 50-year license which will  
44 need to be renewed in a few years. One of the major concerns is the resource needed for Air  
45 Products, but we don't know that we will always have them.  
46

1 Another consideration is the mounting pressure for matching solar revenue with costs.  
2 We are currently paying \$.0925/kwh to our residents and the delivered cost for the Red Mesa  
3 resource is estimated at \$.04/kwh. This “green” resource would be a positive and would help  
4 with bonding. Commissioner Bell asked what might stop the project at this point and Mr.  
5 Johnson suggested that the main consideration would be negotiations on pricing.

6  
7 **CARBON FREE POWER PROJECT JUMP MODULE**

8 Mr. Johnson narrated a slide presentation on the proposed carbon free nuclear project  
9 currently being developed by NuScale. He first reviewed our current resources and how they  
10 match our yearly load data and then gave an overview of the proposed NuScale project,  
11 including the 34.5 acre facilities and individual generation and storage units. He then went over  
12 the Development Agreement, Licensing and participant options. In order for UAMPS to  
13 participate economically in the project, they would need to purchase 150 MW; they currently  
14 have 124 MW of “interested” participation. He explained that the Department of Energy has  
15 extended an offer to participate for a 10-year period to help get the project off the ground. This  
16 is an 80-year resource, scheduled to be complete in 2027. An initial commitment must be made  
17 by the July meeting, but the Agreement provides for reduction of entitlement or withdrawal as  
18 defined by Phases.

19  
20 Considerations that BCLP must look at are current resources, how they match each other,  
21 and their long-term existence, as well as costs of delivery of the NuScale resource. It was noted  
22 that future changes in technology (electric cars, cell phones, etc.) will have an unknown impact  
23 on demand for electricity. The general consideration was that this take-or-pay 99-year contract  
24 resource should be considered and not dismissed at least as long as opting out or reducing  
25 entitlement is an option. It was the recommendation of staff to commit to 5 MW, relying on the  
26 jump program, recognizing there is an opt-out provision, if needed. It was also suggested that  
27 the staff and Power Commission meet in a one- or two-day retreat with the City Council to  
28 review this project. Commissioner Pitcher made a motion to recommend to the City Council that  
29 support be given to the existing 5 MW commitment and 2.4 MW of jump program and move  
30 forward with public relations in support of this project. Commissioner Summers seconded the  
31 motion. Voting was unanimous with Commissioners Cushing, Becker, Bell, Irvine, Pitcher, and  
32 Summers and Councilman Knight voting “aye”.

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34 **GFC SUSTAINABLE GEOTHERMAL ENERGY**

35 Allen – please summarize this one.

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38 **PRE-PAY GAS SUPPLY CONTRACT**

39 Mr. Johnson referred to the McCarter English Draft (June 5, 2019) of the Gas Supply  
40 Contract proposed between the Public Energy Authority of Kentucky (Kentucky) and others – of  
41 which BCLP staff is considering participation. He explained that Kentucky will pre-buy the gas  
42 and participate with cities whose loads match the availability of the gas. Participating in this  
43 contract will allow BCLP to purchase gas at a savings of \$30,000 a year. The contract period  
44 would start next summer and go through 2049. The only down side is that it will only be  
45 available during half the year and we would still need to purchase from our current supplier for  
46 the other half. It is staff recommendation to participate in this contract, subject to its review by

1 the City Attorney. Commissioner Irvine made a motion to recommend participating in the Gas  
2 Supply Contract with Public Energy Authority of Kentucky, subject to the City Attorney  
3 reviewing the contract. Commissioner Pitcher seconded the motion and voting was unanimous.  
4 Commissioners Cushing, Becker, Bell, Irvine, Pitcher, and Summers and Councilman Knight  
5 voted "aye".

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7 **SOLAR INSTALLATION UPDATES**

8 Mr. Christensen reported that there are currently 216 solar customers in Bountiful and the  
9 lost revenue for the 12 month tear-to-date period is \$170,000. Five potential customers are in the  
10 process of installing solar. It was suggested that the solar report be given on a quarterly (not  
11 monthly) basis.

12  
13 **RESOURCE UPDATE**

14 This topic was integrated into the discussion of previous topics.

15  
16 *The following items were included in the packet, but not discussed in the meeting:*

17  
18 **POWER SYSTEMS OPERATIONS REPORTS**

19  
20 a. **April 2019 Resource Reports**

21  
22 b. **May 2019 Lost Time Related Injuries/Safety Report**

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24 c. **May 2019 Public Relations Report**

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26 D. **May 2019 Outage Reports**

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28  
29 **OTHER BUSINESS**

30 A historical fact sheet regarding Municipal Bond Ratings, as of September 17, 2018, was  
31 presented and discussed. Five projects have been bonded since 2008 (San Juan project, Central-  
32 St. George Transmission project, Payson Power Project, Horse Butte Wind project, and Veyo  
33 Heat Recovery Project). City bonds were rated by S&P, Moody, and Fitch and currently are  
34 either A, A2, or A3. (One exception was the S&P rating of A- on the Payson Power Project). It  
35 was noted that the better the bond rating, the lower is our interest rate.

36  
37 Chairman Cushing recognized Mr. Johnson on his recent recognition of a personnel  
38 service award at the national APPA conference in Austin, Texas. He thanked Mr. Johnson for  
39 the bringing this honor to our utility, noting that it is a positive reflection of the whole  
40 department.

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42 **EXECUTIVE SESSION**

43 This Agenda item was cancelled.

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45 **NEXT POWER COMMISSION**

46 The next meeting of the Power Commission will be on August 27, 2019 at 8:00 a.m.

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**ADJOURN**

The meeting adjourned at 10:00 a.m. on a motion made and seconded by Commissioners Irvine and Summers, respectively.

  
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John Cushing, CHAIRMAN