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**MINUTES OF THE REGULAR MEETING OF THE
BOUNTIFUL CITY POWER COMMISSION
October 27, 2020 - 8:00 a.m.**

Those in Attendance

Power Commission

Jed Pitcher, Chairman
Susan Becker*
Dan Bell*
John Cushing*
Richard Higginson, City Council Rep.
David Irvine
Paul Summers

Power Department

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

Recording Secretary

Nancy Lawrence

City Administration

Clint Drake, City Attorney*

*Attended electronically via Zoom, Meeting #942 5012 5426 in conformance with COVID-19 guidelines and restrictions.

WELCOME

Chairman Pitcher called the meeting to order at 8:00 a.m., Allen Johnson took roll call, and Chairman Pitcher welcomed those in attendance. Mr. Christensen offered the invocation.

MINUTES –SEPTEMBER 22, 2020

Minutes of the Regular Meeting of the Bountiful Power Commission held September 22, 2020 were presented and following a brief discussion on the status of a proposal for a one-time bonus for the employees who participated in the windstorm repairs, the minutes were unanimously approved as written on a motion made by Commissioner Summers and seconded by Councilman Higginson. Commissioners Becker, Bell, Cushing, Irvine, Pitcher and Summers, and Councilman Higginson voted “aye”.

BUDGET REPORT – YEAR-TO-DATE 2-MONTH PERIOD ENDED 31 AUGUST 2020

Mr. Christensen reported that the Fiscal Year 2020 Budget Report is not yet final due to the independent audit not yet being completed. The Fiscal Year-to-Date 2-Month Period Ended 31 August 2020 is preliminary, but only missing the interest income on rate stabilization (which is not expected to materially affect the net margin).

The 2010 Bond will be paid off by November 9, 2020. On November 1, 2010 the \$720,000.00 annual principal payment will be made and the \$253,708.75 semi-annual interest payment will be made. The remaining balance (\$8,630,000) will be paid on November 9, 2020. (A 30-day notice was required in order to pay the bond off, thus the second payment on November 9, 2020).

1
2 Total revenues YTD were \$6,271,787, above its historically allocated budget (HAB)
3 by \$137,039. Major items above budget were: Electric Metered Sales, above its HAB by
4 \$72,078 or 1.3%; Street Light Income, above its HAB by \$31,162 due to the billing delay in
5 a prior year; and Interest Income, above its HAB by \$41,747 because of FYE adjustments.
6 Contribution in Aid to Construction was below its HAB by \$(13,877) with the only major
7 item being Deseret First Credit Union at \$27,304.

8
9 Total Operating Expenses YTD were \$4,872,051, below its HAB by \$444,604. The
10 major item (above) budget was the transfer to the general fund expense, above its HAB by
11 \$(17,575) with higher electric metered sales. Major items below their budgets included:
12 Power Cost Expense, below its HAB by \$306,440 with lower EMS plus careful purchasing
13 and scheduling of power resources; Hydro Transmission Expense, below its HAB by
14 \$20,662 with the only expense being the insurance payment; Transformers Expense, below
15 its HAB by \$32,268; and Computer Expense, below its HAB by \$51,312 due to budgeted
16 items having not yet been done.

17
18 Total Capital Expenditures YTD were \$167,999, which included \$121,968 for feeder
19 #575, \$26,371 for the Renaissance Center, and \$15,204 for the 400 North pump.

20
21 Total Labor & Benefits (TL&B) Expense YTD (included in Operating Expenses and
22 Capital Expenditures YTD presented above) was \$600,405. As of 22 August 2020 (the last
23 pay period paid in the YTD period), 14.5% or \$683,837 of the TL&B could have been spent;
24 the actual TL&B was \$83,432 below that target.

25
26 The Net Margin YTD was \$1,231,737 with the low power costs. This is expected to
27 be materially reduced in future months as a result of the September 2020 wind storm and a
28 true up of power costs. Mr. Christensen noted that power costs are aligning with the right
29 month in the current reporting procedure.

30
31 A short discussion followed regarding costs associated with the wind storm and it
32 was estimated that total additional costs (including 3rd party contractors) would be around
33 \$700,000.00. Application for assistance from FEMA has been filed (via the City to the
34 County, and then the County to the State). However, at this time we are not aware of the
35 amount of assistance that might come from this application.

36
37 Commissioner Irvine made a motion to accept the Budget Report as presented by
38 Mr. Christensen. Commissioner Summers seconded the motion, which carried unanimously
39 with Commissioners Becker, Bell, Cushing, Irvine, Pitcher, and Summers and Councilman
40 Higginson voting "aye".

41
42 **TRANSFORMER BID APPROVAL**

43 Mr. Veigel reported that the inventory of pad mount transformers is running low, and
44 we need to purchase some to replenish it. Requests for bids were sent to two
45 distributors/manufacturers and it is the recommendation of staff to award the bid to Anixter
46 Power Solutions for GE/Prolec transformers, as follows:

- 1 20 (ea) 50KVA single phase Pad mount
- 2 1 (ea) 75KVA three phase Pad mount
- 3 2 (ea) 150KVA three phase Pad mount
- 4

5 He noted that not only was this the low bid, but it also provided the quickest
6 delivery. He said these transformers will be purchased and placed into inventory until
7 needed. This is a budgeted item. Commissioner Irvine made a motion to recommend
8 approval of this purchase to the City Council; Councilman Higginson seconded the motion
9 and voting was unanimous. Commissioners Becker, Bell, Cushing, Irvine, Pitcher and
10 Summers, and Councilman Higginson voted “aye”.

11
12 **JRCA ARCHITECTURAL APPROVAL**

13 Alan Farnes reviewed that we have been working with JRCA Architects to produce a
14 design, cost estimate, and project schedule for the development of the property to the north
15 of this office/warehouse at 198 South 200 West. The total project cost is estimated to be
16 \$1,441,000 and includes the architectural and engineering cost of \$77,837. We are planning
17 to start construction in the spring of 2021 and anticipate a construction period of 5 to 6
18 months. Mr. Farnes noted that the 2020-21 fiscal budget includes \$1,100,000 for the project
19 and funding for the completion of the project will be included in the 2021-2022 fiscal budget
20 year.

21
22 The City Manager and Power Department staff have reviewed the proposal from
23 JRCA Architects to provide professional engineering/architectural services at a cost of
24 \$77,837 and recommend that this proposal be approved. Following a brief discussion,
25 Commissioner Summers motioned to recommend approval of this proposal to the City
26 Council, as presented. Commissioner Irvine seconded the motion and voting was
27 unanimous. Commissioners Becker, Bell, Cushing, Irvine, Pitcher, and Summers and
28 Councilman Higginson voted “aye”.

29
30 **EAST WIND EVENT UPDATE**

31 Mr. Pearce recapped the events of the recent wind storm, noting that restoration of
32 power is complete, except two minor projects. In the process of restoring power to all
33 residents, 54 poles were replaced. Twelve of the poles that were replaced had been rejects
34 from the pole test done by Osmose last year. He pointed out that over a ten-year period, the
35 average number of poles replaced in a year is 112 (compared to 54 done in approximately
36 one week following the wind storm). In response to a question from the group, Mr. Pearce
37 said that the poles that were braced by Osmose at the time of testing did not fail in the wind.

38
39 Approximately 9,000 feet of cable was installed or replaced due to wind damage;
40 and hundreds (if not in the thousand range) of tree issues were resolved *safely*. Mr. Pearce
41 pointed out that when large trees, full of leaves, fall over power lines they constitute a very
42 dangerous work environment. We had only two minor injuries for the entire restoration
43 period – a cut hand and a rolled ankle.

1 The request to FEMA for financial assistance was previously discussed, but Mr.
2 Pearce added that Bountiful City *as a whole* submitted a cost of \$1,451,640 for
3 reimbursement to the county to submit to FEMA via the State.
4

5 Commissioner Irvine asked if the suggestion for additional compensation for the
6 crews who worked long, difficult shifts had been made to the Council. Councilman
7 Higginson said that this matter has been discussed by the Council and additional
8 compensation will be given – the amount has not yet been determined.
9

10 **FUTURE RESOURCE PROJECTS**

11 Mr. Johnson reported that another **solar resource project** (6 MWs) is being
12 considered. The project, with a 25-year Power Purchase Agreement (PPA), is located in
13 Box Elder County and is being developed by Steel Company. Although it is further north
14 than the solar project previously considered near Beaver, it has tracking capability which
15 would increase its active generation period. The cost would be under \$32 per mega watt
16 hour (MWH) with no escalation. Mr. Johnson said this would be a good project and would
17 help to fill the gap for high load power options when we will lose the San Juan resource.
18 Commissioner Becker spoke favorably about the limited liability company developing this
19 project (Steel) and it was the consensus of the group to give a positive nod to participating in
20 it.
21

22 Mr. Johnson reported that he has signed a non-binding letter of intent with **FERVO**
23 **Energy** – a geo-thermal project in Central Utah which will produce at a cost of
24 approximately \$60/kw. This would be a base load resource and would count toward green
25 options in our resources. We currently have no geo-thermal resources, but it was noted that
26 due to the chemicals in the steam, equipment can be damaged and need repairs that other
27 resources do not require, which makes it somewhat less desirable. This is a 20-year PPA
28 project.
29

30 The company **Enchant** is considering to continue running the San Juan project and
31 this might give us continued options. This would be a 5 MW resource at a cost of
32 approximately \$34 MWH for 13 years. The plant would still burn coal, but would capture
33 the CO and funnel it out to use in the oil fields.
34

35 **UAMPS CARBON FREE PROJECT**

36 The UAMPS Carbon Free nuclear project in Idaho is still considered to be a good
37 project and would provide a long-term power source for Bountiful. However, the financial
38 commitment Bountiful would need to make to participate is concerning due to under-
39 subscription from other entities and the escalation of costs that would fall to subscribers. The
40 withdrawal/reduction or increasing period for the project has been extended to October 31,
41 2020 and we will need to make a decision by that time whether or not we stay in the project.
42

43 Mr. Johnson thoroughly reviewed the current position of UAMPS in this project,
44 noting that the JUMP? program has been eliminated which reduces the entitlement shares by
45 60 MWs. UAMPS has received a \$1.35 billion grant from the Department of Energy
46 (DOE), to be funded over a 10-year period to help with the first of a kind costs.

1 Subscription levels were discussed, and it was noted that several of the cities in Utah have
2 either withdrawn from the project, or have indicated that they will be withdrawing. This
3 leaves Bountiful with a higher subscription percentage, and thus higher financial
4 responsibility.

5
6 Discussion focused on the possibility of the project being “put on hold” for a year to
7 provide for additional getting additional subscribers; however, the DOE grant requires is
8 conditional on the project moving forward. Inasmuch as Bountiful’s financial commitment
9 would be extremely high, and with risks involved, it was the consensus of the group that the
10 City is not in the business of risk-funding. It was also noted, that if Bountiful were to drop
11 out of the project at this time, it would not be shutting the door to future opportunities to
12 participate if financial risks are lessened. Mr. Johnson reviewed additional off-ramps and
13 the ramifications if BCL&P were to continue to participate, as well as the Development Cost
14 Recovery Agreement that UAMPS will be committed to. He said we need a final decision
15 to give to the City Council on October 27th regarding our continuance in this project.

16
17 It is the recommendation of staff to approve **Resolution #2020-15** entitled **A**
18 **RESOLUTION AUTHORIZING AND APPROVING AN INCREASE OR DECREASE IN THE**
19 **PARTICIPANT’S DEVELOPMENT COST SHARE UNDER THE CARBON FREE POWER PROJECT**
20 **POWER SALES CONTRACT FOR THE REMAINING 1ST PHASE OF THE LICENSING PERIOD FOR**
21 **THE CARBON FREE POWER PROJECT; AND RELATED MATTERS.** Approval of this resolution
22 would allow Bountiful to drop out of the CFPP project. Commissioner Irvine motioned that
23 the Power Commission recommend for the City Council to approve this resolution, and with
24 the caveat that the Council be apprised that the Power Commission fully supports the
25 nuclear project as a resource, but has concerns about the City being a risk funder.
26 Commissioner Summers seconded the motion which carried unanimously. Commissioners
27 Becker, Bell, Cushing, Irvine, Pitcher and Summers and Councilman Higginson voted
28 “aye”.

29
30 *The following items were included in the packet, but not discussed in the meeting:*

31
32 **POWER SYSTEMS OPERATIONS REPORT**

- 33 a. August 2020 Resource Reports
34
35 b. September 2020 Lost Time/Safety Report
36
37 c. September 2020 Public Relations Report
38
39 d. August 2020 Outage Reports
40

41 **OTHER BUSINESS**

42 Councilman Higginson clarified that the group might be hearing from Mr. Johnson
43 on an individual basis regarding the Steel solar project and the need to approve PPM before
44 the November Power Commission meeting. Mr. Johnson said he would send a letter
45 regarding our possible participation.
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NEXT POWER COMMISSION

The next meeting of the Power Commission meeting is scheduled for November 17, 2020. Depending on conditions of the pandemic, Allen Johnson will confirm the format of the meeting.

ADJOURN

The meeting adjourned at 9:30 a.m. on a motion made by Commissioner Summers and seconded by Councilman Higginson. Voting was unanimous with Commissioners Becker, Bell, Cushing, Irvine, Pitcher, and Summers, and Councilman Higginson voting “aye”.



Jed Pitcher, CHAIRMAN