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**MEETING OF THE
BOUNTIFUL CITY POWER COMMISSION
January 23, 2018 - 8:00 a.m.**

Those in Attendance

Power Commission

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

Power Department

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

City Manager

Gary Hill

Recording Secretary

Pat Wood/Nancy Lawrence

WELCOME

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

Chairman Cushing recognized Beth Holbrook who has received a new Council assignment and will no longer be serving as the representative to the Power Commission. He expressed appreciation for her input and contributions to the Commission, following which Councilwoman Holbrook thanked everyone on the Commission for the opportunity to meet with them, noting that this group is extremely collaborative and their individual backgrounds and expertise are a great benefit to the City. Mr. Johnson expressed his appreciation for her service and dedication and her willingness to provide strong support to the Commission.

Chairman Cushing then recognized John Marc Knight who has been assigned to serve as the Council representative on the Power Commission and thanked him for accepting this assignment. Councilman Knight stated that he is grateful for the opportunity, for which he has been training for the past ten years.

MINUTES – NOVEMBER 24, 2017

Minutes of the regular Power Commission meeting held November 24, 2017 were presented for approval. Commissioner Summers motioned to approve the minutes as written. Commissioner Irvine seconded the motion and voting was unanimous with Commissioners Becker, Bell, Cushing, Irvine, Knight, Pitcher and Summers voting “aye”.

Commissioner Pitcher referred to the City’s bond rating, as it relates to the recent Standard and Poor’s Report, and suggested that the City should issue a press release in our local newspaper and the Salt Lake Tribune to inform citizens of Bountiful’s positive financial position. He expressed dismay regarding inaccurate statements that were made during the recent campaign/election process and said he felt the press release could provide a positive, needed benefit. Mr. Hill said that he will follow up.

1 Chairman Cushing explained that several members of the group need to leave early, and
2 inasmuch as the discussion on resources (Agenda Item No. 10) is critical at this time, that this
3 item will be moved up.
4

5 **RESOURCE UPDATE**

6 **- Carbon Free Power Project**

7 **- Solar Project Update**

8 **- IPP Update**

9 Mr. Johnson reported that we have come to the point on carbon resources that we will
10 need to soon make a decision as to what we want to do. He reviewed current resources and their
11 projected timetables and costs, which establishes the fact that acquiring additional base load
12 resources is critical to meeting the goals of the department in providing reliable and
13 economically reasonable power service. Options for new/additional resources that are currently
14 being considered include the Carbon Free Power Project (NuScale), the Fremont Solar Project,
15 the Olmstead Hydro project, and the Intermountain Power Project (IPP). He summarized the
16 projected costs/KW, and financial and contractual commitments with each resource. Following a
17 lengthy discussion, the concurrence of the group was that the Power Commission would like to
18 study the NuScale option in greater depth and Mr. Johnson will coordinate with UAMPS to
19 provide this opportunity.
20

21 **ELECTION OF BOARD CHAIRMAN AND VICE CHAIRMAN**

22 Chairman Cushing reviewed that, per Ordinance, it is time to elect a Chairman and Vice
23 Chairman of the Power Commission. It was the consensus of the group, with a verbal "yes"
24 vote, that the currently serving officers be elected to fill another term: John Cushing, Chairman;
25 and Jed Pitcher, Vice Chairman. Those voting "yes" were Commissioners Cushing, Becker,
26 Bell, Irvine, Pitcher, and Summers, and Councilman Knight.
27

28 **BUDGET REPORT – YEAR-TO-DATE 6-MONTH PERIOD ENDING 31 DECEMBER,**
29 **2017**

30 Mr. Christensen presented the Budget Report for the Year-to-Date 6-month Period ending
31 31 December, 2017. He noted that Fiscal Year (FY) 2018 is final through November 2017,
32 while December 2017 is preliminary.
33

34 Total Revenues YTD were \$16,694,232, above its historically allocated budget (HAB) by
35 \$540,551. Major items above budget were Electric Metered Sales (EMS), above its HAB, by
36 \$40,904 or 0.3 percent; Air Products, above its HAB by \$243,999 or 21.7 percent; Contributions
37 in Aid to Construction was above its HAB by \$91,620 and included several construction
38 projects; preliminary Interest Income on Investments (operating cash) was above its HAB by
39 \$42,933 despite missing data for December; and Gain on Sale of Fixed Assets was above its
40 HAB by \$42,413 with the sale of two (2) service trucks and a backhoe.
41

42 Total Operating Expenses YTD were \$13,389,139, below its HAB by \$854,299. Major
43 items below their HABs were: power costs, below by \$324,028; Transmission, below by
44 \$70,520 due to some budgeted projects not yet being done; Distribution was below its HAB by
45 \$62,795 with budgeted work; Substation was below by \$53,957 as budgeted projects had not yet
46 begun.

1
2 Total Capital Expenditures YTD were \$1,972,399 and included work on the 138KV
3 substation upgrade, the Transmission Phase 7 upgrade, and the unplanned but approved purchase
4 of the Fisher property north of the office/warehouse.
5

6 The net margin YTD was \$1,332,694, above its HAB by \$894,663, due largely to lower
7 power costs, higher Air Products income, and many operating expenses that were below budget.
8 The preliminary net margin for the month was \$192,836.
9

10 Following a brief discussion, the Budget Report was unanimously approved on a motion
11 made by Commissioner Pitcher and seconded by Councilman Knight. Commissioners Cushing,
12 Becker, Bell, Irving, Pitcher and Summers, and Councilman Knight voted "aye".
13

14 **S&P RATING UPDATE**

15 Chairman Cushing referred to the RatingsDirect Report which is included in the
16 Commission Packet. This Report, prepared by Standard and Poors, summarized the rationale
17 that was used to arrive at its "A+" on the 2010 electric revenue bonds. Factors contributing to
18 this rating were: Stable and diverse customer base; competitive rates; and historically strong
19 coverage and liquidity levels. The only offsetting factor to these strengths is the department's
20 relatively small size. The business profile score is "4" on a scale of one to 10 with "1" being the
21 strongest score attainable. The stable outlook reflects the expectation that, over the next two
22 years, the department will continue to adjust rates as needed to maintain strong financial margins
23 and fund ongoing capital needs.
24

25 **S&C SWITCHGEAR BID APPROVAL**

26 Mr. Pearce reviewed that there is a need to install and/or replace five (5) underground
27 switchgear on the system this spring. Invitations to bid were send to two (2) major suppliers and
28 it is the recommendation of staff that the bid from Codale Electric – S&C be approved for (5)
29 S&C Switchgear at a total cost of \$100,300. Commissioner Becker made a motion that the
30 Commission recommend approval of the bid for switchgear (to be placed into inventory), as
31 presented. Commissioner Bell seconded the motion which carried unanimously. Those voting
32 "aye" were Commissioners Cushing, Becker, Bell, Irvine, Pitcher and Summers, and
33 Councilman Knight.
34

35 **138 KV PROJECT UPDATE**

36 Alan Farnes reported that we have started meeting with Cache Valley Electric (CVE)
37 every other week to keep this project on schedule. Some grading work and some fence
38 relocation work has been completed. The CVE crews will be on site full-time starting January
39 29th. It is estimated that we will be taking the north bay out of service for demolition around
40 mid-February.
41

42 **PHASE 7 PROJECT UPDATE**

43 Mr. Veigel reported that the Phase 7 Transmission Line Rebuild is completed and the
44 final walk through with ECI and CVE was January 19th. The budgeted cost for this project was
45 \$500,000; the final cost was \$614,530. General Contractor change orders accounted for
46 \$24,583.00.

1
2 **POWER SYSTEMS OPERATIONS REPORT:**

3 The following items were included in the packet, but not discussed in the meeting:

- 4
5 a. October and November 2017 Resource Reports
6 b. November and December 2017 Lost Time Related Injuries/Safety Reports
7 c. November and December 2017 Public Relations Report
8 d. November and December 2017 Outage Reports
9

10 **EXECUTIVE SESSION** (none)

11
12 **OTHER BUSINESS**

13 Mr. Johnson reviewed an updated copy of the 2018 Power Commission Schedule. He
14 called attention to the APPA National Conference and UAMPS and IPA meetings.
15

16 The next Power Commission meeting will be held February 20, 2018 at 8:00 a.m.
17

18 **ADJOURN**

19 The meeting officially adjourned at 10:10 a.m.
20
21
22



John Cushing, CHAIRMAN