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**MINUTES OF THE REGULAR MEETING OF THE
BOUNTIFUL CITY POWER COMMISSION
May 26, 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* (joined the meeting ~8:30 a.m.)
Paul Summers

Power Department

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

City Administration

Gary Hill, City Manager

Recording Secretary

Nancy Lawrence*

*Attended electronically via Zoom, Meeting ID #982.8219.5117, in conformance with COVID-19 guidelines and restrictions.

WELCOME

Chairman Pitcher called the meeting to order at 8:05 a.m., took roll call, and welcomed those in attendance. John Cushing offered the invocation.

MINUTES – APRIL 7, 2020

Minutes of the Joint Meeting of the Bountiful City Council and Power Commission held April 7, 2020 were presented and unanimously approved as written on a motion made by Commissioner Summers and seconded by Councilman Higginson. Commissioners Becker, Bell, Cushing, Pitcher and Summers and Councilman Higginson voted “aye”.

BUDGET REPORT – YEAR-TO-DATE 10-MONTH PERIOD ENDED 30 APRIL 2020

Mr. Christensen presented the Budget Report for the Year-To-Date 10-Month Period Ended 30 April 2020. He noted that the months of July 2019 through March 2020 were final, and April 2020 was preliminary.

Total revenues YTD were \$23,663,952, below its HAB by \$(911,559). Major items (below) budget included: electric metered sales (EMS) was \$(737,137) or 3.4% below its historically allocated budget (HAB); Air Products income was \$(155,566) below its HAB due to an average load factor of 60.6%; and Contribution in Aid to Construction was \$(119,547) below its HAB. Mr. Christensen explained that Air Products did not run in April, but the report shows income because there is a one-month delay in reporting.

Total Year to Date Operating Expenses was \$24,113,003, below its HAB by \$359,878. Major items below their HAB’s included: power cost expense was \$(736,294) above its HAB as the unbudgeted but needed repairs to the power plant turbines and to the Echo hydro more than

1 offset the lower EMS and the careful purchasing and scheduling of power resources; and street
2 light expense was \$(139,650) above its HAB with work on budgeted projects, primarily boring
3 by third-party contractors. Major items below their HAB's included: distribution expense was
4 \$150,340 below its HAB with work on budgeted projects; computer expense was \$85,884 below
5 its HAB as budgeted items have not yet been done; and the transfer to the General Fund expense
6 was \$102,720 below its HAB with the lower EMS.
7

8 Total Capital Expenditures YTD were \$823,084 and included \$403,758 for the
9 Downtown Plaza, \$161,692 for the feeder #673 - #271 inter-tie, \$97,985 for a new vacuum
10 trailer, and several other budgeted expenditures.
11

12 Total Labor and Benefits Expense YTD was \$3,602,328. As of 18 April 2020, 80.3% of
13 the TL&B budget could have been spent; the actual TL& B was \$120,593 below that target.
14

15 The Net Margin YTD was \$(1,272,136), below its HAB by \$(1,654,471), due to the
16 unbudgeted repairs to the power plant turbines (in power costs), the unbudgeted Echo hydro
17 repairs, and the lower than budgeted revenues. Mr. Christensen noted that this below budget
18 number will most likely not recover this year and will necessitate re-opening the budget and
19 transferring money from Retained Earnings to balance the budget.
20

21 Total cash and cash equivalents were a net \$25,337,247 at month end, down \$(709,956)
22 from \$26,047,203 at 30 June 2019.

23 Following a brief discussion, Commissioner Cushing made a motion to accept the Budget
24 Report as presented. Councilman Higginson seconded the motion which carried unanimously.
25 Commissioners Pitcher, Becker, Bell, Cushing, Irvine, and Summers and Councilman Higginson
26 voted "aye".
27
28

29 POWER RATE DISCUSSION

30 Mr. Christensen reviewed the proposed changes to power rates, noting that it was
31 designed to provide a more stable base and yet not penalize residential customers. There is a
32 proposed overall 2.0% increase to rates, consisting of a \$2.00 increase to all monthly customer
33 charges and various changes to KW demand and KWH energy charges. There is also a
34 restructuring of the KWH rate for residential customers from a one-tiered system to a two-tier
35 system based on usage (Tier 1: 0 to 400 KWH; and Tier 2: Over 400 KWH). He reviewed tables
36 which showed a comparison of BCL&P and Rocky Mountain Power rates with break-even usage
37 points for both winter and summer billing.
38

39 Commissioner Becker voiced concern about whether or not the proposed new rates would
40 penalize larger families. She stated that she would like for Bountiful to be a "family friendly"
41 community. Mr. Johnson pointed out that the increase in usage usually does not rest on the
42 number of people in the house, but the more "widgets" that are added and features that are used.
43 Basic electrical applications for a household will remain quite constant.
44

1 **2010 BOND DISCUSSION**

2 Mr. Christensen reviewed that the \$9,350,000 2010 Bond can be paid off on November 1,
3 2020 and result in net savings of approximately \$1 million per year for FY 2022, FY 2023, and
4 FY 2024. He reviewed the net payments scheduled for FY 2021 (if we elect to not pay off the
5 bond) and noted that BCLP has no plans to take on additional debt. He reviewed a cash flow
6 chart (FY 2020 – FY 2031) that demonstrated Projected Ending Cash relative to the minimum
7 cash AA- rating, which would be a key factor if we did not pay off the bond. However, without
8 a bond, the matter of bond ratings becomes mute.
9

10 Commissioner Bell asked again about the wisdom of paying the bond off early and Mr.
11 Johnson said the major reason for the early pay-off would be the savings in interest expense paid.
12 Mr. Hill added that a 6-month cash on hand balance should be enough to fund an average year’s
13 expenses, and we will still have that even with paying off the bond. Commissioner Becker said
14 that she felt it makes total sense to pay off the bond early.
15

16 **COVID 19 DISCUSSION**

17 Mr. Pearce reviewed the department’s scheduling which has been used for COVID 19,
18 but stated that employees are back to regular schedule and using face masks when interacting
19 with the general public. Social distancing is used when necessary, and outside visitors are
20 encouraged to call or use email. He reviewed the impact of COVID 19 on our accounts
21 receivable for both commercial customers (107 with balances more than 31 days past due /
22 \$13,980) and residential customers (1,176 with balances more than 31 days past due / \$82,507).
23 City Hall has started sending out late notices, but no disconnects are being done and a process
24 has been developed to assist with late payments.
25

26 Mr. Hill reported that, based on a conversation with the City Council, shut offs will not
27 be done on customers who can demonstrate they have had a negative effect from COVID,
28 starting next week.
29

30 **ECHO / PINEVIEW PROJECT UPDATE – DISCUSSION**

31 Alan Farnes showed pictures of the new equipment (purchased from Germany) which has
32 been installed at the **Pineview** hydro station, as well as additional modifications which were
33 made to this equipment by Prime Machine. The vault where this equipment is located is
34 approximately 20-25 feet deep and the lid to the vault is 1-ft. thick. Mr. Farnes showed slides of
35 the location and explained the process of getting the new equipment installed. The hydro was
36 ready to run on April 15 and is currently producing 700 to 900 KWH.
37

38 Mr. Farnes explained that repairs on Units 1 and 3 at **Echo** hydro are completed and
39 running. When Unit 2 was tested, it was running hot and it was found that a bearing needed to
40 be refurbished. He showed pictures of the faulty bearing and explained the process of repairing
41 it. The cost for this extra work was approximately \$16,000. It is hoped that all three units will
42 be working in the next 1-1/2 weeks. Echo is currently producing 1.7 MW.
43

44 **DIRECTIONAL BORING UPDATE**

45 Mr. Veigel reported that bids were requested several weeks ago for the directional boring
46 projects. Americom was awarded the bid and are doing an excellent job. He explained a street

1 map (3100 South Orchard Drive area between 625 West and 500 West) which depicted three
2 different kinds of work: street lights, feeders, and distribution lines. Once the lines have been
3 bored, Wasatch Electric will pull and terminate the wire for the street lights. The feeder and
4 distribution lines are currently being worked on. Two new street light projects were identified on
5 900 East and 2000 South which we will get bids on from Americom on and do later.
6

7 **RESOURCE UPDATE**

8 Mr. Johnson reported that the IPP project is still moving forward. It is a little behind
9 schedule, but it is anticipated that IPP will be converted to gas for the summer of 2025.
10 California is attempting to be ready to use hydrogen (along with the salt domes) to fully move
11 away from gas.
12

13 Another resource that UAMPS is looking at is a solar project near Tooele which is
14 projected to come in under \$.03 per KWH. There will be another update on that coming up next
15 month.
16

17 He said there has been an executive session on the carbon-free nuclear project, but the
18 details were somewhat confusing. It is related to Department of Energy (DOE) not willing to
19 operate the first unit for the first 10 years. He reviewed Bountiful's position. There will be
20 another Zoom meeting in one week and they will go over the details again and this project will
21 be reviewed again in our Power Commission meeting in June.
22

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

23 **POWER SYSTEMS OPERATIONS REPORT**

- 24 a. March Resource Report
- 25
- 26 b. April 2020 Lost Time/Safety Report
- 27
- 28 c. April 2020 Public Relations Report
- 29
- 30 d. March and April 2020 Outage Reports
- 31
- 32
- 33
- 34
- 35

36 **OTHER BUSINESS**

37 Chairman Pitcher asked if the BCL&P budget has been affected by COVID 19 and Mr.
38 Hill noted that the COLA will most likely be eliminated city-wide. He noted that some other
39 City departments will have other reductions, but this department has not included any other cuts.
40 There is a contingency plan, if needed to be implemented later in the year, to reduce costs by 5
41 and/or 10 percent.
42

43 Information regarding the UAMPS August meeting will be forthcoming.
44

NEXT POWER COMMISSION

