

1 **Minutes of the**
2 **Power Committee Budget Review Meeting**
3 **(Joint Meeting with Power Commission)**

4 Bountiful City Power Department
5 April 26, 2022 (8:00 a.m.)
6

7 Present:

8 Committee Members: Richard Higginson, Kendalyn Harris, Cecilee Price-
9 Huish, Millie Segura Bahr, Kate Bradshaw
10 Power Commissioners Susan Becker, Jed Pitcher Dan Bell (via Zoom),
11 David Irvine (via phone), John Marc Knight
12 City Manager: Gary Hill
13 Assistant City Manager: Galen Rasmussen
14 Department Personnel: Allen Johnson, Alan Farnes, Jess Pearce,
15 Tyrone Hansen, Luke Veigel, David Farnes,
16 Nancy Lawrence
17

18 Official Notice of this meeting had been given by posting a written notice of same and an agenda at
19 the City Hall and providing copies to the following newspapers of general circulation: Davis County
20 Clipper, Standard Examiner, and on the Utah Public Notice Website. This meeting was also conducted
21 as an electronic meeting with some participants joining in that forum.
22

23 Power Commission acting chair Susan Becker called the meeting to order at 8:03 a.m. and welcomed
24 those in attendance. Some meeting attendees participated in the meeting electronically via Zoom.

25 **PRESENTATION OF BUDGET**

26 The meeting was turned over to Allen Johnson, Light & Power Department Director, and the
27 department staff to present the detailed budget for the Light & Power fund.

28 Tyrone Hansen, Light & Power Department Accountant, was asked to review key points of the power
29 system and budget request via PowerPoint presentation.

30 Budget highlights for Fiscal Year 2022-2023 were presented as follows:

- 31
- 32 • Overall budget for adoption of \$30,601,221
 - 33 • 3% increase in power rates
 - 34 • No changes in fees or deposits
 - 35 • Services are provided to 17,244 total customers (15,585 residential; 1,658 commercial; 1
36 industrial)

1 The electrical system includes:

- 2 • 42 miles of 46KV transmission lines
- 3 • 90 miles of 15KV overhead distribution lines
- 4 • 130 miles of 15KV underground distribution lines
- 5 • 75 miles of street light circuits

6 Power resources include:

- 7 • Colorado River Storage Project (CRSP)
- 8 • Intermountain Power Project (IPP)
- 9 • San Juan Power Plan (shutting down in September 2022)
- 10 • Natural Gas fired central power plant
- 11 • Hydro Electric plants at Echo and Pineview Reservoirs
- 12 • Contracts with industry suppliers

13 Major Roles and Critical Functions were outlined as follows:

- 14 • Ensure the safety of everyone that interacts with the electrical system.
- 15 • Buy and generate electricity at economical prices.
- 16 • Deliver electricity to residential, commercial, and industrial customers.
- 17 • Provide reliable electric service by designing, building, and maintaining the electrical
- 18 transmission, distribution, and street lighting systems, and by providing 24/7 dispatching and
- 19 outage management.

20 Requests in fulfillment of major roles and critical functions:

- 21 • Add a three-person line crew and necessary equipment (this is a carryover request from fiscal
- 22 year 2021-2022).
- 23 • Upgrade feeders 575, 576, 272 and 373
- 24 • Begin replacement and upgrade of Echo control system
- 25 • Begin engineering for the Northwest Substation rebuild
- 26 • Acquire power resources to stabilize the cost of power and increase green and carbon-free
- 27 resources.

28 To provide further detail on the department operations and budget request, Jess Pearce,
29 Superintendent of Operations, outlined the safety and training program of the department via a slide
30 presentation. There have been four years with no lost time due to accidents in an environment where
31 crews work 70,000 hours per year. These crews receive 7,800 hours of on-the-job training in addition
32 to four years of career focused class time to become and maintain certification. Outage totals for
33 fiscal year 2017 through 2021 were shown evidencing a 0.9999984% system reliability rate.

1 The transmission system was again highlighted by Jess Pearce, emphasizing the following:

- 2 • City loop fed system
- 3 • 42 miles of transmission line
- 4 • 510 structures
- 5 • 655,671 feet of cable
- 6 • Aging Echo Hydroelectric line (36 years old)

7 Replacement of distribution poles is accomplished on a 10-year average of 123 poles per year
8 (including new conductors, transformers, and related hardware). From calendar year 2000 to 2021
9 there were a total of 2,008 poles replaced on the system. Poles were tested in 2018 and 2019 by an
10 independent testing firm. Several compromised and rejected poles were identified and many have
11 been replaced. However, at the current rate of replacement, management estimates that it will take
12 24 years to replace the remaining 2,930 poles. It is important to note that these remaining poles are
13 on average 50 years old and are not expected to last a full 24 years. Examples of pole maintenance
14 and replacement methodologies were shown via slides. Issues with pole replacement and
15 coordination with other utility companies in the process were highlighted as well.

16 Underground cable installation and replacement procedures were outlined including the condition of
17 existing cable. The underground system includes 1,232,000 feet of cable in place (including 257,00
18 feet of bare concentric cable installed from 1970 through 1986). Since 1995, crew replacement of
19 cable has averaged 18,000 feet per year with 40-year warranty jacketed cable. It is estimated that it
20 will take an additional 20 plus years to replace the remaining bare concentric cable

21 The department Tree Trimming program was highlighted next. There is one in-house and two
22 contracted crews. Approximately 3,700 trees are worked on each year between all three crews.

23 Supply chain issues were mentioned with effects on acquisition of materials and system components.
24 This includes, among other items, up to an eight month delay in delivery for butt treated poles; 32 to
25 38 week delivery on insulators; 50 week delay on transformers; 20 month delivery on meter
26 pedestals, etc.

27 In reviewing capital expenditure needs, Luke Veigel, Power Systems Electrical Engineer, was asked to
28 outline needs for system replacements including feeder upgrades:

- 29 • \$131,000 for Distribution System Feeder 272 with upgrade of 273 connected to the Northwest
30 Substation.
- 31 • \$687,500 for Feeder 574 upgrade from Davis Boulevard to west of 200 West.
- 32 • \$263,000 for Distribution System Feeder 576 upgrade in Renaissance Towne Center area.
- 33 • \$200,000 in other distribution system upgrades.

- 1 • \$420,000 Echo Hydro upgrade (engineering and design work in fiscal year 2023 to ultimately
2 replace the 35-year-old control system).
- 3 • Total capital expenditure request of the department for fiscal year 2023 is \$2,904,500

4 Alan Farnes, Power & Systems / Generation Superintendent reviewed the status of power usage
5 patterns over a typical year and an outline of resources now and in the future to meet usage patterns.
6 Current resources include the City's hydro units, IPP, San Juan Power project, CRSP and Enchant
7 (currently 10 megawatts and in process of finalizing contract details with UAMPS) along with open
8 market sources. Current around the clock pricing for market power is 20 cents per kWh. The
9 department power sources are about 90% pre-purchased to minimize adverse market effects. With
10 hydro power being down; natural gas prices rising; coal availability at historic lows; market power
11 high; and solar projects on delay the department is watching resource options carefully and budgeting
12 conservatively.

13 Further details on the planned upgrades at Echo Hydro were provided which include replacement of
14 programmable controllers, breakers, relays, hydraulics, etc. The fiscal year 2022-2023 budget will
15 include design work with the whole project taking about 3 years to complete. The anticipated total
16 budget is expected to be slightly more than \$1 million but all is subject to all bids being final and
17 receiving final approval of plans from the US Bureau of Reclamation.

18 Other major capital improvement projects include a rebuild of the Northwest Substation (design
19 phase in fiscal year 2022-2023) with a \$3.5 million total cost estimate when all phases are completed.
20 Additional expenditures are budgeted in fiscal year 2022-2023 to evaluate further development of
21 office and warehouse facilities, and to provide for needed vehicle replacements. Total capital
22 expenditures for fiscal year 2022-2023 will be \$2,904,500 (which is up \$1,056,500 over the prior year).

23 Fiscal Year 2022-2023 Budget Summary:

- 24 • Operating revenue at \$28, 928,073 (electric metered sales at \$25,830,799 with a 3% rate
25 increase planned). With the rate increase, Bountiful Power would still be 1.9% lower than
26 Rocky Mountain Power (4.8% lower without a rate increase). Significant factors impacting the
27 need for a rate increase include the persistent drought and its effects on power generation. A
28 question was asked as to communication plans with the public for the rate increase. The
29 current plans were to follow the normal practice of communication through public hearings on
30 the budget. Some desires were expressed by the commissioners and budget committee
31 members for additional communication through mailing of information flyers in utility bills to
32 notify customers of the rate increase.
- 33 • Personnel Services \$5,370,241. Includes new three-person line crew (\$315,600) which is a
34 carryover from a fiscal year 2021-2022 budget request that was not implemented; A 3.0% cost
35 of living; 4.0% medical insurance increase.

- 1 • Operations and Maintenance categories total \$19,654,900 (resulting in part from the effects
- 2 from power purchase plans and rate increase).
- 3 • Operating transfers out total \$1,216,080 (comprised of a \$1,366,000 transfer in from retained
- 4 earnings to cover capital expenditures and a budgeted transfer out of \$2,582,080 to the
- 5 General Fund)
- 6 • The total ten-year capital plan totals \$36,849,500 for all items.
- 7 • Total budget for fiscal year 2022-2023 is \$30,601,201 balanced with regard to revenues and
- 8 expenses.

9 Power Commission acting chair Susan Becker called for a motion to approve the Fiscal Year 2022-2023
10 budget request as outlined. Commissioner Jed Pitcher motioned to approve the budget and
11 Commissioner John Marc Knight seconded the motion. All commissioners voted aye.

12 City Council Budget Committee chair Richard Higginson called for a motion on the Power Fund budget
13 as presented. The budget was passed with a motion from Committee member Cecilee Price-Huish
14 with a second from Committee member Kendalyn Harris. Voting was unanimous with Committee
15 member Higginson, Harris, and Price-Huish voting aye. The budget review portion of the meeting
16 adjourned at 9:24 a.m. on a motion from Committee member Harris and seconded by Committee
17 member Price-Huish.