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**MINUTES OF THE
BOUNTIFUL CITY POWER COMMISSION**
September 24, 2019 - 8:00 a.m.

Those in Attendance

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Power Commission

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

Power Department

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

Excused

David Irvine, Commissioner

Recording Secretary

Nancy Lawrence

WELCOME

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

MINUTES – August 27, 2019

Minutes of the regular meeting of the Bountiful City Power Commission held August 27, 2019 were presented and unanimously approved as written on a motion made by Councilman Knight and seconded by Commissioner Becker. Commissioners Cushing, Becker, Bell, Pitcher, and Summers and Councilman Knight voted “aye”.

BUDGET REPORT – YEAR-TO-DATE 2-MONTH PERIOD ENDED AUGUST 31, 2019

Mr. Christensen reiterated that the fiscal year (FY) 2019 figures are preliminary until the independent audit is completed (expected by November). Because of this, the fiscal year-to-date (YTD) July through August 2019 income statement, balance sheet, and cash flow statement in this report are subject to audit adjustments and are also preliminary. FY 2020 estimates for Electric Metered Sales, Air Products, and UAMPS power costs are also included in the report for budget comparison purposes.

Total Revenues YTD were \$5,085,305, below its historically allocated budget (HAB) by \$(518,436). Major items below their HABs included: Electric Metered Sale, below by \$(352,217) or 7.0%; Air Products Income, below by \$(70,184) with a 56.7% load factor; Contribution in Aid to Construction, below by \$(39,383); and Interest Income on Investments and Interest Income on Rate Stabilization Fund which were both below their HABs due to FYE adjustments and no income reported for August.

Total Operating Expenses YTD were \$4,803,966, below its HAB by \$1,120,287. The major item below its HAB was Power Costs, below by \$941,548, attributed to lower EMS and careful purchasing and scheduling of power resources. Hydro Transmission was below its HAB by \$64,501 and included only the annual insurance payment. The significant item above its HAB was Distribution,

1 \$(26,827).
2

3 Mr. Christensen pointed out that revenue shortfalls were basically due to timing issues and there
4 are no red flags for expenses.
5

6 Total Capital Expenditures YTD were \$4,290 for the feeder #673 - #271 inter-tie and Holbrook
7 pump. Additional capital projects will be done during the shoulder months.
8

9 Total Labor and Benefits Expense YTD was \$641,762. As of 24 August 2019 (the last pay
10 period paid in the YTD period), 15.1% or \$698,842 of the TL&B budget could have been spent; the
11 actual TL&B was \$57,079 below that target.
12

13 The Net Margin for the YTD was \$277,049, above its HAB by \$599,834 with lower than
14 budgeted power costs that more than offset lower than budgeted revenues.
15

16 Mr. Christensen pointed out that Accounts Receivables and Accounts Payables become a factor
17 of the cash and cash equivalents. Accounts Receivables increased \$(628,721) and Accounts Payables
18 decreased \$(400,734). In response to a question from the Commission, Mr. Christensen said that the
19 budget includes \$80,000 for bad debt write-offs of Accounts Receivables; however, the actual write-off
20 is generally between \$20-\$30,000. Based on \$25 million in sales, this is considered extremely good.
21 Long-term assets decreased significantly by \$7,458,442 due to: a \$3,812,121 reduction of construction
22 in progress as fixed assets were completed and capitalized; a \$2,432,296 decrease in the investment in
23 the Craig/Mona power line; and the annual decrease of \$1,212,235 investment in the San Juan power
24 plant.
25

26 Commissioner Pitcher asked if there were any extraordinary expenses associated with the recent
27 fire on the northeast side of Bountiful. Mr. Pearce reported that 10 poles were replaced which involved
28 materials, and some over-time. However, most of the work was done during the regular work day.
29

30 Commissioner Bell made a motion to approve the Budget Report for the 2-Month Period Ending
31 August 31, 2019, as presented. Commissioner Pitcher seconded the motion and voting was unanimous
32 in the affirmative. Commissioners Cushing, Becker, Bell, Pitcher, and Summers and Councilman
33 Knight voted "aye".
34

35 **ECHO EQUIPMENT REPAIR: PRIME EQUIPMENT APPROVAL**

36 Alan Farnes reviewed that there are three Francis turbines at the Echo hydro plant and he
37 referred to pictures of the turbines. We have experienced some problems with the wicket gates on Unit
38 #1 and in June 2019 Prime Machine Inc. completed an initial inspection of this unit. This inspection
39 revealed some serious problems in all three units that need to be repaired after the summer irrigation
40 season is over (October 16, 2019), when the penstock can be de-watered for an extended period of time.
41

42 The estimated cost for Prime Machine Inc. to mobilize their crews and equipment, dismantle,
43 inspect all three units, make necessary repairs reassemble, and demobilize is approximately \$415,000. It
44 is anticipated that we will use two spare turbine wheels to repair Units #2 and #3, but will need to
45 purchase a new turbine wheel for Unit #1. The total cost could increase if we get into the project and
46 find additional damage or need to perform any upgrades on the three units.

1
2 It is the recommendation of staff to approve the quote from Prime Machine Inc in the amount of
3 \$415,000 to move through the known problems and repair the three turbine units. These funds and the
4 funds from the transmission line will be funded from the \$480,828 operating contingency. It was noted
5 that there has been minimal expense for maintenance of this hydro since the project was put on line in
6 1986. Commissioner Summers motioned that the Power Commission recommend to the City Council
7 that approval be given to contract with Prime Machine Inc. in the amount of \$415,000, as presented, for
8 the Echo Hydro repair project. Commissioner Pitcher seconded the motion and voting was unanimous.
9 Commissioners Becker, Bell, Cushing, Pitcher and Summers, and Councilman Knight voted "aye".
10

11 **SUBSTATION ARC FLASH EQUIPMENT APPROVAL**

12 Alan Farnes explained that Electrical Consultants Inc. (ECI) has recently completed an arc flash
13 study on our distribution facilities and identified a concern regarding the safety of the technician who
14 would be operating the distribution feeder breakers in the substations. The breakers are housed in a
15 metal enclosure that will direct any arc flash that might occur when opening or closing a breaker directly
16 at the technician who would be operating the breaker. (Photos of a breaker failure arc flash were
17 provided). It is recommended that this situation be mitigated by providing for the technician to operate
18 the breaker remotely, thereby allowing them to be 25 feet away from the breaker when it is opened. The
19 substations which will need this equipment are the Central Substation, the Southeast Substation, the
20 Power Plant Taurus breaker, Echo Hydro breakers, and Pineview Hydro breakers.
21

22 It is the staff recommendation to approve the purchase of the required equipment from Western
Electrical Services, Inc. in the amount of \$81,737.00. Commissioner Becker motioned to recommend
approval to the City Council for the purchase of the required equipment, as presented. Commissioner
Pitcher seconded the motion and voting was unanimous. Commissioners Becker, Bell, Cushing, Pitcher
and Summers, and Councilman Knight voted "aye".
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28 **DIRECTIONAL BORING HUNT ELECTRIC APPROVAL**

29 Mr. Veigel reported that there are 15 underground streetlight circuits throughout our system that
30 have had wire failures which have been replaced by our contract with Hunt Electric. An additional
31 streetlight wire has failed within the last several weeks and it is recommended that approval be given to
32 add this additional wire to the Hunt Electric contract. They have quoted \$24,700 to complete this work
33 (along 650 East between Mill Street and 800 South). It is the recommendation of staff to approve Hunt
34 Electric Inc. to directionally bore in a conduit to repair the street lights, as presented. Commissioner
35 Summers motioned that the Power Commission recommend to the City Council that approval be given
36 for Hunt Electric to perform one additional bore (bringing the total to 16) for street light wire repair, at a
37 cost of \$24,700. Commissioner Bell seconded the motion and voting was unanimous. Commissioners
38 Becker, Bell, Cushing, Pitcher, and Summers, and Councilman Knight voted "aye".
39

40 **ECHO LINE PROBLEMS UPDATE**

41 Mr. Pearce reported that Cache Valley Electric will be doing repair work on the Echo
42 Transmission Line (previously identified when BCL&P crews were working on a damaged transmission
line pole). They will be mobilizing this week and hope to have the work on the Bountiful side done by
Saturday. They will start on the Morgan side on Thursday and hope to have this work done by Sunday.
There is a concern regarding the possibility of snow storms. Cache Valley will also be completing one
line repair and doing some tree trimming by East Canyon reservoir.
43

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2 **SOLAR INSTALLATIONS UPDATE**

3 Mr. Christensen provided a spreadsheet for the 12-month period September 2018 to August 2019
4 giving the current financial position of solar customers, with total lost revenue from 195 residential
5 customers (on net metering) at \$153,853; lost revenue from six (6) net metering commercial customers
6 at \$10,440; and revenue lost to 20 Feed-in tariff customers at \$7,365. Total lost revenue to solar
7 customers for the 12-month period was \$171,658. Discussion followed regarding how solar customers
8 could be supported (not discouraged), and yet not be subsidized by other customers.
9

10 **RESOURCE UPDATE**

11 Mr. Johnson reported that the San Juan resource was scheduled to shut down in June 2022.
12 However, there was a recent news article which stated that Farmington, New Mexico has found an entity
13 to purchase the plant and upgrade it for continued operation. He said UAMPS and Doug Hunter are
14 skeptical about the continued operation of the San Juan plant, but we will continue to follow its status.
15

16 The Red Mesa solar project is moving forward, as anticipated. All participants who expressed
17 interest have signed the contracts and the project is fully subscribed. The average 25-year cost of this
18 resource, is 2.3 cents per kilowatt hour (KWH); or about \$0.03 cents per KWH delivered. It is
19 scheduled to come on line the summer of 2022.
20

21 The IPP project is still moving forward, but is experiencing a few glitches due to the desire of the
22 cities of Riverside and Anaheim to get completely out of the project. The city of Los Angeles is willing
23 to pick up their shares; however, there are some liability issues related to getting out of the contracts that
24 will need to be worked through.
25

26 The NuScale nuclear project is moving forward. The current \$6 million funding source will be
27 spent by November and short term financing is being acquired. The project engineer moved to a
28 different firm and so there is a need to get a new engineer. The staff board trainer is scheduling a group
29 to go to Corvallis in October and new information will be available at that time.
30

31 *The following items were included in the packet, but not discussed in the meeting:*
32

33 **POWER SYSTEMS OPERATIONS REPORTS**

- 34
35 a. **July 2019 Resource Reports**
36
37 b. **August 2019 Lost Time Related Injuries/Safety Report**
38
39 c. **August 2019 Public Relations Report**
40
41 D. **August 2019 Outage Reports**
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43 **OTHER BUSINESS**

44 None.
45

46 **NEXT POWER COMMISSION**

The next meeting of the Power Commission will be on October 22, 2019 at 8:00 a.m.

ADJOURN

Chairman Cushing officially adjourned the meeting at 9:05 a.m.



John Cushing, CHAIRMAN

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