

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48

**MEETING OF THE
BOUNTIFUL CITY POWER COMMISSION**
September 25, 2018 - 8:00 a.m.

Those in Attendance

Power Commission

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

Power Department

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

Excused

David Irvine

Recording Secretary

Nancy Lawrence

WELCOME

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

MINUTES – August 28, 2018

Minutes of the regular meeting of the Bountiful City Power Commission held August 28, 2018 were presented and unanimously approved 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 ENDING AUGUST 31, 2018

Mr. Christensen presented the Budget Report for the Fiscal Year-to-Date 2-month Period Ended 31 August, 2018. He noted that July numbers are final, but August is preliminary. He clarified that the following line items are not included in the Historically Allocated Budget (HAB): labor and benefits expenses; all 2010 Bond items, all transfer revenues, power purchased from UAMPS, and all capital expenditures. Expenditures for those items can be made any time and there is no HAB variance until the expenditures actually exceed the budget.

Total Revenues YTD were \$5,762,096, above its HAB by \$155,090. Major items above or (below) their HABs included: electric metered sales (EMS), above by \$286,365 due to hot weather; street light income, below by \$(47,872) due to billing not starting until August instead of July as anticipated; Air Products, below by \$(28,064); and preliminary interest income on investments, below by \$(37,802) due to FYE adjustments in July and no income reported for August.

Total Operating Expenses YTD were \$4,959,909, below its HAB by \$100,186. Major items (above) or below their HABs included: power costs, below by \$23,348; street lighting, below by \$17,398 due to timing of several projects; and computer, below by \$28,138 because it did not yet include annual charges from the IT department. Items above their HABs were distribution, above by \$(18,405); uniforms, above by \$(12,370) with the purchase of higher rated

1 flame resistant clothing; and the transfer to the general fund, above by \$(10,069) due to the
2 higher EMS.

3
4 Total Capital Expenditures YTD were \$74,753, compared to \$5,729 for the same period
5 last year, due mostly to labor for various projects and Construction in Progress (CIP) 15 for
6 excavating on the distribution system feeder #37x East project.

7
8 Total Labor and Benefits expense YTD was \$668,095, below the target (as of August
9 25th) by that date by \$19,996. In response to a question from the Commission, Mr. Christensen
10 explained that the reason Labor and Benefits was lower is that the overtime figure calculated in
11 the budget has not been used as much as projected; and merit increases that will apply to several
12 employees have not yet occurred.

13
14 The Net Margin YTD was \$727,434, above its HAB by \$215,220, due largely to higher
15 EMS revenue, and lower power costs.

16
17 Changes in Balance Sheet and Cash Flow Statement YTD were briefly reviewed and
18 resulted in a brief discussion regarding the anticipated shut down of the San Juan power plant
19 and a 5-year amortization (\$1,212,235 annually) of the \$6 million recorded asset. The current
20 independent audit will have a note explaining this transaction.

21
22 Following discussion Commissioner Pitcher made a motion to accept the budget report as
23 presented. Commissioner Bell seconded the motion which carried by a majority with
24 Commissioners Becker, Bell, Cushing, and Pitcher and Councilman Knight voting "aye";
25 Commissioner Summers had stepped out of the meeting for a moment and did not vote.

26
27 **VEHICLE PURCHASE APPROVAL**

- 28 **a. Explorer Vehicle Purchase.** Mr. Pearce reviewed that this year's budget includes
29 \$240,000 to be used for the purchase of vehicles. It is proposed that five new
30 vehicles be purchased and bids were requested from Larry H. Miller Ford Lincoln
31 (State bid) and Performance Ford Lincoln, a local dealer. It is proposed that a new
32 vehicle (Ford Explorer XLT 4X4) be purchased to be used by Mr. Johnson. His
33 vehicle will be passed down in the fleet and a 1999 Jeep Cherokee will be sent to
34 auction. It is the recommendation of staff to accept the low bid from Larry H. Miller
35 Ford Lincoln at a total price of \$35,789 (a radio communication system and
36 installation of strobe warning lights from a separate supplier will be purchased at a
37 later date).

38
39 Discussion followed regarding the fact that the local dealer did not match the State
40 bid and Mr. Pearce stated that the local dealership indicated they could not bid a
41 lower figure. Commissioner Summers made a motion to recommend to the City
42 Council that the low bid from Larry H. Miller Ford Lincoln be approved, as
43 presented. Councilman Knight seconded the motion and voting was unanimous with
44 Commissioners Becker, Bell, Cushing, Pitcher, and Summers, and Councilman
45 Knight voting "aye".
46

1 **b. Plant Vehicle Purchase.** Mr. Pearce reported that bids were requested from Larry H.
2 Miller Ford Lincoln and Performance Ford Lincoln for a new 2019 Ford F-150 Super
3 Crew Cab pickup truck used for the power plant and hydro generation facilities
4 maintenance. This vehicle will replace unit #5025, a 1996 Ford F-250. Bids were
5 received from both dealers and it is the staff recommendation to accept the low bid
6 from Performance Ford Lincoln in the amount of \$30,961.00. A radio
7 communication system will be installed from a separate supplier at a later date.
8 Everything included should stay within this vehicle's allocated budget.
9 Commissioner Bell motioned to recommend approval of the Performance Ford
10 Lincoln bid, as presented. Commissioner Pitcher seconded the motion and voting
11 was unanimous with Commissioners Becker, Bell, Cushing, Pitcher, and Summers
12 and Councilman Knight voting "aye".
13

14 **c. Two (2) Metering Vehicles Purchase.** Mr. Pearce reviewed that this year's budget
15 includes the purchase of two Ford F-150 SuperCab pickup trucks for the metering
16 department. Bids were requested and it is the recommendation of staff to accept the
17 low bid from Performance Ford Lincoln (local dealer) in the amount of \$65,792.00
18 (for two trucks). Both of these vehicles will be equipped with strobe warning lights,
19 radio communication and roll-out work beds. These items will be installed by
20 separate suppliers at a later date. Councilman Knight motioned to recommend
21 approval of the purchase of two metering vehicles, as presented. Commissioner
22 Becker seconded the motion and voting was unanimous. Commissioners Becker,
23 Bell, Cushing, Pitcher and Summers, and Councilman Knight voted "aye".
24

25 **d. Substation Cab and Chassis Purchase.** Mr. Pearce reported that the 2018-19
26 budget includes the purchase of a new 2019 Ford F-350 XL Super Cab 4x4 diesel cab
27 and chassis to be used at the substation and for the hydros. This vehicle will replace
28 Unit #5007, a 2004 Ford F-350 Extended Cab 4x4 diesel pickup truck. The service
29 body for this vehicle was approved in last month's meeting. Bids were requested and
30 it is the recommendation of staff to award the bid to low bidder, Performance Ford
31 Lincoln, in the amount of \$40,805.00. Commissioner Becker motioned to support the
32 recommendation of staff. Commissioner Summers seconded the motion which
33 carried unanimously. Commissioners Becker, Bell, Cushing, Pitcher, and Summers
34 and Councilman Knight voted "aye".
35

36 **1100 URD CABLE BID APPROVAL**

37 Mr. Pearce reported that the inventory of 1100 URD primary cable is running low and
38 needs to be replenished for the purpose of completing several feeder upgrade projects on the
39 system this fall and winter. This cable is a 600 amp jacketed cable with one third neutral,
40 manufactured by Okonite and is a single source item. Codale Electric Supply is the single source
41 for this cable in the state of Utah. It is the recommendation of staff to approve the quote from
42 Codale (\$7.92/ft.) for a total cost of \$92,664.00 for 11,700 feet of cable. This item is in the
43 budget. Councilman Knight made a motion to recommend approval of the purchase of this
44 cable, as presented, to the City Council. Commissioner Pitcher seconded the motion which
45 carried unanimously. Commissioners Becker, Bell, Cushing, Pitcher and Summers, and
46 Councilman Knight voted "aye".

1
2 **138 KV SUBSTATION UPDATE**

3 Alan Farnes reported that the south bay of the 138 KV substation was de-energized on
4 September 13th and Cache Valley Electric started demolition the next day. He said that almost
5 everything from that bay is gone, and delivery of the second new 100MVA is expected
6 November 5 or 6th. It is anticipated that this transformer will be loaded the week after
7 Thanksgiving and the 138 KV substation project should be completed by the end of the year with
8 both new transformers up and running. The load of the entire City will be on the new north bay
9 transformer for the next three (3) months.

10
11 **ECI ENGINEERING APPROVAL**

12 Mr. Farnes reviewed that Electrical Consultants, Inc. (ECI) was hired in May 2017 to
13 provide the engineering services to assist with the rebuild of the 138 KV substation. The scope
14 of the project grew when a new problem was identified with the larger of the two transformers in
15 the substation. The change in scope, the additional time and efforts to interface with PacifiCorp,
16 and the short time table for the substation design and for the preparation of specifications for the
17 timely purchase of the major equipment has had an impact on the cost of the engineering
18 services. ECI has estimated it will cost an additional \$50,000 to provide construction support for
19 Phase 2, close out of the entire project, and deliver the as-built drawings for the project. The not-
20 to-exceed cost is now \$610,000. This puts the total cost for the engineering services for the 138
21 KV substation rebuild at about 11.3 percent of the total project cost.

22
23 Staff and the City Manager have reviewed the costs associated with the change of scope
24 and recommend approval of a not-to-exceed \$50,000 costs, for a total for engineering services of
25 \$610,000. Councilman Summers motioned to support this recommendation. Commissioner
26 Pitcher seconded the motion and voting was unanimous. Commissioners Becker, Bell, Cushing,
27 Pitcher and Summers, and Councilman Knight voted "aye".

28
29 Mr. Farnes reported that due to recent work done at the 138 KV substation, there has
30 been a situation which is impacting Air Products. He explained that a tap setting was changed
31 when the new transformer was put in and due to adjustments which were made by Air Products
32 on their transformer, their voltage is incorrect and a new transformer is needed. If a new
33 transformer can't be located, Air Products may run out of product. BCL&P is working with
34 Virginia Transformer in Pocatello and Cache Valley Electric in an effort to help resolve this
35 problem. A new 10 MVA transformer would cost \$300,000-400,000 and delivery is 6 to 7
36 months out.

37
38 **BORING BID UPDATE**

39 Mr. Veigel reported that the project to bore under Barton Creek has been completed, the
40 3-inch and 4-inch conduits at the edge of Carrington Apartments is waiting for approval and the
41 street light project, as well as the project at 200 West 1800 South is moving along.

42
43 **FITCH RATING REVIEW**

44 Following a recent review by Fitch Ratings – San Francisco, Allen Johnson reported that
45 the City has maintained their AA- rating on approximately \$10.7 million of electric revenue
46 bonds, Series 2010. One of the categories that was reviewed was how much of our power

1 portfolio was renewable. The rating next year will be done by Standard and Poor's. The
2 Commission emphasized that this positive news should be shared with our customers.

3
4 **SOLAR INSTALLATIONS UPDATE**

5 Mr. Christensen reviewed in detail a report which he had prepared containing
6 "Residential Net Metering Customers Only". The data included (for each solar customer) KWH
7 produced, KWH sold to BCLP, and KWH sold to customer, with a four-month comparison
8 (April, May, June and July billings), plus a Total of each category. He walked the group through
9 the data for one customer, and then highlighted several other customers whose generation was
10 unique. The report (which clearly demonstrates accuracy of data) revealed that the total dollars
11 lost to BCLP via the 195 net metering customers for the four-month period was \$79,159.56.
12 This loss results from the fact that when the customer is generating solar energy during the day
13 (and BCLP has a low demand), those excess KWH are purchased by the City at a higher rate
14 than other resources used during that time. The total excess generation for the four-month period
15 averaged 54.8%.

16
17 Mr. Christensen pointed out that this data clearly demonstrates the financial impact on
18 BCLP from Net Metering customers. The Commission and Councilman Knight suggested that
19 rates should be changed to remedy the fact that the City is subsidizing net metering customers.
20 Mr. Johnson and Mr. Christensen suggested that additional information should be gathered
21 (including data for Feed-in Tariff customers) prior to making recommendations for rate
22 adjustments. He further noted that rates should reflect fair market value.

23
24 **RESOURCE UPDATE**

- 25 a. **IPP Project Update.** Mr. Johnson reviewed that California, in Senate Bill 100, has
26 mandated that all power be renewable by 2045; and further, that natural gas will no
27 longer be acceptable as a renewable resource. Since IPP is a gas project, they will no
28 longer be using this resource. It is anticipated that they will need to have it paid for
29 by 2045 and converted to hydrogen. IPA will be on a 20-year financing plan in order
30 to pay this off by 2045.
- 31
32 b. **Carbon Free Update.** The nuclear project in Idaho is still looking for more
33 participants, and as IPP gas prices go up, this will result in the nuclear pricing being
34 more favorable. A waste heat project on the Kern River Pipeline is being considered
35 and this could serve as a renewable resource.

36
37 **POWER SYSTEMS OPERATIONS REPORTS**

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

- 39
40 a. **July 2018 Resource Reports**
- 41
42 b. **August 2018 Lost Time Related Injuries/Safety Report**
- 43
44 c. **August 2018 Public Relations Report**
- 45
46 d. **August 2018 Outage Reports**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

OTHER BUSINESS

None

Councilman Knight was excused at this time.

NEXT POWER COMMISSION

The next meeting of the Power Commission will be on October 23, 2018 at 8:00 a.m.

ADJOURN

The meeting adjourned at 9:52 a.m. on a motion made by Commissioner Summers and seconded by Commissioner Pitcher. Voting was unanimous with Commissioners Becker, Bell, Cushing, Pitcher, and Summers voting "aye".


John Cushing, CHAIRMAN