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**MINUTES OF THE  
BOUNTIFUL CITY POWER COMMISSION  
October 22, 2019 - 8:00 a.m.**

**Those in Attendance**

**Power Commission**

John Cushing, Chairman  
Susan Becker  
Dan Bell  
Jed Pitcher  
Paul Summers

**City Administration**

Gary Hill, City Manager  
Clinton Drake, City Attorney

**Excused**

David Irvine, Commissioner  
John Marc Knight, City Council Representative

**Power Department**

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

**Recording Secretary**

Nancy Lawrence

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**WELCOME**

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

**MINUTES – September 24, 2019**

Minutes of the regular meeting of the Bountiful City Power Commission held September 24, 2019 were presented and unanimously approved as corrected (p. 4 of 5, line 29: *November* changed to *October*) on a motion made by Commissioner Summers and seconded by Commissioner Pitcher. Commissioners Cushing, Becker, Bell, Pitcher, and Summers voted “aye”.

**BUDGET REPORT – YEAR-TO-DATE 3-MONTH PERIOD ENDED 30 SEPTEMBER, 2019**

Mr. Christensen presented the Budget Report for the Year-to-Date 3-Month Period Ended 30 September, 2019 and noted for Fiscal Year 2020 the months of July and August 2019 are final, and September 2019 is preliminary (though most line items YTD amounts will not change from this report when they are final). The independent audit has been completed and will be presented to the City Council for approval tonight. For FY 2020, estimates for Electric Metered Sales, Air Products, and UAMPS Power Costs for July 2019 and August 2019 are used only in the income statement and are not included in customer accounts receivable and accounts payable on the Balance Sheet and Cash Flow Statement.

As a matter to note, he reported that on November 1, 2019 the \$705,000.00 annual principal payment will be made for the 2010 Bond, and a \$267,914.50 semi-annual interest payment will be made. It is anticipated that an Interest Expense Subsidy of \$113,086.71 will also be received to help offset the interest payment.

1 Total Revenues YTD were \$8,177,230, below its historically allocated budget (HAB) by  
2 \$(466,544). Major items below their HABs included: Electric Metered Sale, below by \$(302,156) with  
3 milder summer weather; Air Products Income, below by \$(104,394) with a 59.5% load factor; and  
4 Contribution in Aid to Construction, below by \$(68,457)  
5

6 Total Operating Expenses YTD were \$7,409,650, below its HAB by \$1,223,379. The major  
7 items below their HABs were Power Costs, below by \$1,182,444, attributed to lower EMS and careful  
8 purchasing and scheduling of power resources; and Hydro Transmission which was below its HAB by  
9 \$69,763. Street Light expense was above its HAB by \$(184,556) with work on budgeted projects,  
10 primarily boring by third-party contractors.  
11

12 Total Capital Expenditures YTD were \$57,692 with the late completion of the service body for  
13 truck #5072 (which should have been done last year), plus work on the Holbrook pump and feeder #673  
14 - #271 inter-tie projects.  
15

16 Total Labor and Benefits Expense YTD was \$978,674. As of 21 September 2019 (the last pay  
17 period paid in the YTD period), 22.7% or \$1,054,616 of the TL&B budget could have been spent; the  
18 actual TL&B was \$75,942 below that target.  
19

20 The Net Margin for the YTD was \$709,889, above its HAB by \$738,576, with lower than  
21 budgeted power costs that more than offset lower than budgeted revenues.  
22

23 Total cash & cash equivalents were a net \$28,164,095 at month end, up \$2,116,892 from  
24 \$26,047,203 at June 2019, primarily due to the \$1,224,621.12 UAMPS billing for September which was  
25 not yet processed at month end. In response to a question regarding Deferred Inflow Pension and  
26 Deferred Inflow OPEB, Mr. Christensen explained that these two accounts are associated with payments  
27 made to the State for retirement benefits.  
28

29 Following a brief discussion, Commissioner Pitcher made a motion to approve the Budget Report for the  
30 3-Month Period Ending September 30, 2019, as presented. Commissioner Becker seconded the motion  
31 and voting was unanimous in the affirmative. Commissioners Cushing, Becker, Bell, Pitcher, and  
32 Summers voted "aye".  
33

### 34 **DIRECTIONAL BORING UPDATE**

35 Mr. Veigel reported that Hunt Electric has all but finished the work on Feeder 273 located at  
36 1000 North between 500 West and 200 West. There is an additional small section of work that needs to  
37 be done in this area and by getting it completed; we will be able to move forward with replacing some  
38 bad overhead poles south of 1000 North. Staff is requesting permission to extend this project by adding  
39 two more bores to tie into existing conduit systems. This includes 3 x 4" conduits and 3 x 3" conduits  
40 300 feet along 1000 North between 200 West and Chapel Drive, as well as 1 x 4" conduit 180 feet for a  
41 new underground service to a church. In response to a request for a quote, Hunt Electric submitted a  
42 quote of \$34,118.00 to complete this additional work. By installing these conduits, we will be  
43 progressively moving forward with a new Feeder 273 as well as a loop system for Viewmont High  
44 School.  
45

46 Following a short discussion, Commissioner Summers made a motion to recommend to the City

1 Council that the contract with Hunt Electric be extended by \$34,118.00 to complete the work as  
2 described by Mr. Veigel. Commissioner Pitcher seconded the motion which carried unanimously.  
3 Commissioners Cushing, Becker, Bell, Pitcher and Summers voted "aye".  
4

5 **ECHO LINE REPAIR UPDATE**

6 For informational purposes, Mr. Pearce showed the commission a section of burned up  
7 underground that had to be repaired (along Oakwood Drive). He noted that the City has over 1.4 million  
8 feet of underground wire which is subject to deterioration; and replacing this wire will be a function of  
9 the budgeted work each year.  
10

11 He reviewed that all of our work on the Echo transmission line has been completed for the fall.  
12 He then showed slides/video which depicted work that has been done on the line, and described the  
13 challenges associated with working in this terrain. He noted that the frayed wire (which necessitated the  
14 repairs), was most likely caused by bullets. Cache Valley Electric has assisted us with some of the  
15 repairs on this line and have been very good to work with.  
16

17 **ECHO TURBINE REPAIR UPDATE**

18 Alan Farnes reported that the water releases from Echo were shut down for the water year on  
19 October 15<sup>th</sup> and the penstock for units 2 and 3 have been de-watered to permit Prime Machine to start  
20 inspecting the turbines to determine the necessary maintenance/repairs. He used slides to show the  
21 location and size of the turbines and their wicket gates and the cracked wheels. Units 2 and 3 will be  
22 worked on first, and then Unit 1 will follow. We have two spare wheels – one large and one small, but  
23 we will need to purchase at least one additional wheel. Because the wheels are so old (1986 vintage), a  
24 mold will need to be made, and it might be a good idea to get spares while the mold is built. In the  
25 following discussion, the idea of purchasing spare wheels was favored by the Commission.  
26

27 **S&P RATING DISCUSSION**

28 Mr. Johnson reported the S&P bond rating is typically updated every two years, and our bond  
29 rating has been raised from an "A-" to a "AA-". He referred to a letter and enclosure from S&P Global  
30 which reported the change and the rationale supporting the rating. The rating reflects BCL&P's *strong*  
31 *enterprise risk profile* and *extremely strong financial risk profile*. The *strong* enterprise risk profile  
32 reflects "our view of the large amount of revenue from residential customers and incomes in the service  
33 area above the national median." The *extremely strong financial risk profile* "reflects our view of robust  
34 fixed-charge coverage (FCC), significant liquidity, and a low debt-to-capitalization ratio". It was noted  
35 that this rating is for only the Power Department; recognizing that Bountiful City does not have any  
36 bonds. The letter also affirmed that the outlook for the rating for the future is stable, and it is unlikely  
37 that the bond rating would be lowered during the next two years.  
38

39 **CALIFORNIA OUTAGES DISCUSSION**

40 Mr. Johnson referred to the situation in California where wild fires are burning, and PG&E turns  
41 off power to avoid liability when high winds have the potential to cause more fires. He noted that  
42 Bountiful would not face this situation, because Utah has a governmental immunity clause. In the  
43 following discussion, it was voiced by some that best practices have not been followed with regard to  
44 maintenance of the transmission/distribution system by PG&E, making their equipment more vulnerable  
45 to extreme weather conditions.

1 Mr. Johnson reported that BCL&P was recently billed by Morgan County for costs incurred  
2 when a fire was started because of a problem on our transmission line. This charge will be reviewed  
3 based on two factors: (1) BCL&P pays Morgan \$8,000/year for fire and police protection; and (2)  
4 governmental immunity. We will also investigate the necessity of getting an insurance policy with a  
5 high deductible, if our findings show that we have liability. Mr. Hill advised that there is a change in the  
6 law which provides that the State has agreed to cover the cost of wildfires, providing communities have  
7 established and are following mitigation practices.  
8

9 **SOLAR INSTALLATIONS UPDATE**

10 Mr. Christensen reported that there are currently a total of 221 solar customers (including  
11 residential and commercial net metering and residential feed-in tariff) and the lost revenue to date is  
12 \$171,165.00. In response to a question from Commissioner Becker, Mr. Christensen confirmed that  
13 there is less lost revenue, proportionately, from feed-in tariff customers.  
14

15 **RESOURCE UPDATE**

16 Mr. Johnson reported that interest in the NuScale project is growing and many entities are lining  
17 up to participate in this project. He said that Doug Hunter has met with officials in Washington DC, Las  
18 Vegas, the BPA, and other cities.  
19

20 Riverside and Anaheim, California have considered getting out of the IPA project, but new  
21 discussion has focused on building the new project (which would be obligated to absorb de-  
22 commissioning costs of the old plant). It is anticipated that Riverside and Anaheim would vote against  
23 the gas line contract for the 1<sup>st</sup> phase of this project.  
24

25 **2020 CALENDAR APPROVAL**

26 Mr. Johnson reviewed a copy of the proposed schedule for the 2020 Power Commission  
27 meetings. The schedule is based on using the typical fourth Tuesday for the normal meetings. A  
28 memorandum listed the following exceptions to that calendar, as well as professional meetings of  
29 APPA, IPA, and UAMPS that Commissioners would have interest in:

30 February 18, 2020 – several conflicts

31 April 7, 2020 – Joint meeting with City Council – Budget (*This date could change*)

32 *APPA National Conference - June 6-10, 2020, Long Beach CA*

33 July 2020 - No meeting

34 *UAMPS Annual Meeting - August 16-19, 2020, Heber, Utah*

35 November 17, 2020 – (Thanksgiving conflict)

36 *IPA Annual Meeting – December 1, 2020*

37 *UAMPS Annual Meeting – December 15, 2020*

38 December 2020 – No meeting  
39

40 The calendar was approved via general consensus.  
41

42 *The following items were included in the packet, but not discussed in the meeting:*  
43

44 **POWER SYSTEMS OPERATIONS REPORTS**

45 a. **August 2019 Resource Reports**  
46

1  
2 b. September 2019 Lost Time Related Injuries/Safety Report

3  
4 c. September 2019 Public Relations Report

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6 D. September 2019 Outage Reports

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9 **OTHER BUSINESS**

10 None.

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12 **NEXT POWER COMMISSION**

13 The next meeting of the Power Commission will be on November 26, 2019 at 8:00 a.m.

14  
15 **ADJOURN**

16 The meeting adjourned at 9:56 a.m. on a motion made and seconded by Commissioners Summer  
17 and Pitcher, respectively. Voting was unanimous with Commissioners Cushing, Becker, Bell, Pitcher  
18 and Summers voting "aye".

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Jed Pitcher, Acting Chairman

