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**MEETING OF THE
BOUNTIFUL CITY POWER COMMISSION**
May 21, 2019 - 8:00 a.m.

Those in Attendance

Power Commission

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

Power Department

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

Recording Secretary

Nancy Lawrence

WELCOME

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

MINUTES – April 9, 2019

Minutes of the regular meeting of the Bountiful City Power Commission held April 9, 2019 were presented and unanimously approved as corrected on a motion made by Commissioner Summers and seconded by Commissioner Pitcher. Commissioners Cushing, Becker, Bell, Irvine, Pitcher, and Summers and Councilman Knight voted “aye”.

**BUDGET REPORT – YEAR-TO-DATE 10 MONTH PERIOD ENDING
30 APRIL, 2019**

Mr. Christensen presented the Budget Report for the Fiscal Year-to-Date 10-month Period Ended 30 April, 2019. He noted that July 2018 through March 2019 is final (with estimates as shown) and April 2019 is preliminary. He called attention to the semi-annual interest bond payment of \$267,914.50 which was made on May 1, 2019 and the corresponding Federal interest expense subsidy of \$113,086.71 which was received on April 23, 2019.

Total revenues YTD were \$26,408,547, above its historically allocated budget (HAB) by \$150,061. Revenue lines above budget included: electric metered sales (EMS), above its HAB by \$141,371 or 0.7%; preliminary interest income on investment, above its HAB by \$117,527; preliminary interest income on rate stabilization fund, above its HAB by \$15,494; and gain on sale of fixed assets, above its HAB by \$23,711. These were partially offset by revenue lines below budget which included: street light income, below its HAB by \$(47,741); and contribution in aid to construction, below its HAB by \$(122,190).

Total Operating Expenses YTD was \$22,139,076, below the HAB by \$1,001,724. Expense lines below budget included: power costs, below its HAB by \$929,331 (due to careful purchasing and scheduling of power resources on a daily basis by Mr. Johnson); distribution expense, below its HAB by \$123,726; and transformer expense, below its HAB by \$17,758. These were partially offset by expense lines above budget which included: street lights, above its HAB by \$(95,803); special equipment, above its HAB by \$(35,593) and included an unbudgeted

1 expense for 5-meter phasing kits required by OSHA to meet arc flash requirements; and loss on
2 fixed assets, above its HAB by \$(95,658) with the transfer of traffic signal system assets and
3 accumulated depreciation to the City's Engineering Department in December 2018.

4
5 Total Capital Expenditures YTD were \$2,090,243, which included materials, labor, and
6 third-party work on the 138 KV substation, feeder #575, the feeder inter-ties for #673-#271 and
7 #573-#676; feeder #37X East; the Stone Creek (Keller) project; the Culver's project, and several
8 other projects.

9
10 Labor and Benefits Expense YTD was \$3,467,474, below the 80.5% target by \$145,003.

11
12 The Net Margin YTD was \$2,179,228, above its HAB by \$895,206 due in large part to
13 lower power costs.

14
15 Total Cash and Cash Equivalents were a net \$26,861,550 at month end, up \$1,552,557
16 from \$25,308,994 at 30 June 2018. The item giving the greatest strength to the positive cash
17 position was the Net Margin.

18
19 As requested by the Commission, Mr. Christensen presented a report on Bountiful
20 Power's Total Equity and its component accounts, as of 30 April 2019. He began by discussing
21 the basic accounting equation of "Assets = Liabilities + Equity" and applying it to Bountiful
22 Power.

23
24 He then reviewed Total Equity as reported in Bountiful Power's Budget Report for 30
25 April 2019 as "Fund Equity" of \$67,323,881. Its three components included: \$7,239,084 in
26 Contribution From Government Units, which is the sum of all investments made by the City of
27 Bountiful from 1935 to the present; \$5,481,826 in Reserve for Rate Stabilization, which is the
28 \$5,000,000 cash reserve as required by the 2010 Bond, plus all interest earned on that reserve;
29 and \$54,602,972 in Retained Earnings, which is the accumulation of all Net Margins, positive or
30 negative, over the entire history of the department since 1935.

31
32 He then reviewed Total Equity as reported in the Bountiful City Consolidated Annual
33 Financial Report (CAFR) for FY 2018 in its 'Statement of Net Position – Proprietary Funds'
34 where the 'Light and Power' Fund (Bountiful Power) shows a "Total Net Position" (Total
35 Equity) of \$66,391,845. Its three components included: \$39,546,821 Net Investment In Capital
36 Assets, which is Bountiful Power's net equity in capital (fixed) assets and which are funds that
37 are not available for use unless capital assets are sold; \$590,898 Restricted, which is equity in
38 funds (cash) that are restricted for debt service, regulatory required insurance deposits, pensions,
39 and other post-employment benefits; and \$26,254,126 Unrestricted, which is equity in funds
40 (cash) that are available for use, subject to the \$16,000,000 minimum cash required to maintain
41 the AA- bond rating. It was pointed out that this is an excellent bond rating and provides
42 Bountiful Power the ability to make major purchases, such as natural gas, at lower costs. Simply
43 stated, Bountiful Power's "Unrestricted Net Position" on the CAFR should be seen as the main
44 balance of usable assets to fund its operations and future capital needs. It is the only reserve that
45 could fund a future emergency, capital project, power market increase, or downturn in the
46 economy besides raising power rates.

1
2 A brief discussion followed regarding the Enron disaster that occurred in 2000 and the
3 negative financial impact it had on the Power Department; how the Power Department compares
4 with other utilities and whether or not there were any “business groupings” that Bountiful was
5 included which gave it a rating. It was concluded that the AA- bond rating is indicative of the
6 excellent financial position of Bountiful City Light and Power.
7

8 The Commission thanked Mr. Christensen for this report and Commissioner Pitcher made
9 a motion to approve the Year-to-Date Budget Report for the Period Ending April 30, 2019, as
10 presented. Commissioner Bell seconded the motion and voting was unanimous. Commissioners
11 Becker, Bell, Cushing, Irvine, Pitcher and Summers and Councilman Knight voted “aye”.
12

13 **TITAN BATTERY PURCHASE UPDATE**

14 Alan Farnes reviewed that the two Titan Generation Units (installed in 2011-12) each
15 have a battery bank and the most recent battery test shows that the battery banks are starting to
16 show signs of cell failures. Quotes for replacement battery banks were requested and it is the
17 recommendation of staff to accept the low quote from GNB Industrial Power in the amount of
18 \$22,630. This purchase will be funded from the Power Plant Equipment account. Commissioner
19 Summers motioned to recommend to the City Council that this purchase be approved.
20 Commissioner Pitcher seconded the motion and voting was unanimous.
21

22 **DOUBLE BUCKET TRUCK PURCHASE**

23 Mr. Pearce reviewed that the Light & Power Department 2019-20 budget includes the
24 purchase of a new double bucket truck (to replace a 2005 truck). The proposed new unit will
25 reach higher and uses an incorporated telescopic boom which provides the capability of working
26 and reaching the top of the poles on the transmission and distribution systems. It also includes a
27 handling device which can be used for lifting and setting equipment, and added storage space for
28 tools and safety equipment.
29

30 Bids were received from three vendors and it is the staff recommendation to award the
31 bid to Altec Industries in the amount of \$255,430. This was not the low bid, but the
32 recommendation is based on the fact that most of the BCL&P equipment is Altec and the
33 employees understand how they work and are comfortable with the functionality of the overall
34 unit. This contributes to a much higher safety level (muscle memory) when crews are working
35 with overhead primary conductors in tight spaces and many times holding energized lines while
36 maneuvering the equipment. This unit is also superior in its functionality, giving additional
37 flexibility when working. Altec (Salt Lake City) has given good service in the past, consistently
38 providing same-day service, which is very valuable because we only have one double bucket unit
39 in our fleet.
40

41 Following a brief discussion, Commissioner Becker motioned to recommend to the City
42 Council that the bid be awarded to Altec, as presented. Commissioner Irvine seconded the
43 motion which carried unanimously. Commissioners Becker, Bell, Cushing, Irvine, Pitcher and
44 Summers and Councilman Knight voted “aye”. It was also noted that the 2005 Altec truck that is
45 being replaced will be sold at auction.
46

1 **RED MESA SOLAR PURCHASE DISCUSSION**

2 Mr. Johnson explained that Red Mesa Solar is a project that UAMPS is looking at and if
3 we wanted to participate in the project, it would be through UAMPS. It is located in the Four
4 Corners area and is a 60 MW project. It requires a 25-year purchase and is priced just under 3
5 cents/kwh. Bountiful is signed up for 5 MW which would cost approximately 4 cents after
6 delivery. Mr. Johnson recommended that we look seriously at this project because it provides a
7 green energy component to our resources. (He reminded the group that our CRSP and hydro's
8 are *not* considered green because of when they were brought on line). The project is located on
9 the reservation and our contract would be with the Navajo nation, under tribal law.

10
11 **TAURUS STACK INSTALLATION UPDATE**

12 Alan Farnes reported that the new exhaust stack that was ordered for the Taurus generator
13 was delivered on May 13th and has been installed. It is ready to go as soon as it is needed (when
14 the weather gets warmer) and the project is finished.

15
16 **DIRECTIONAL BORING UPDATE**

17 Mr. Veigel reported that we are currently working on the repair of street lights which are
18 not working, and have just finished the area east of the cemetery along 1800 South between 400
19 East and Davis Boulevard and the area between 700 East and Davis Boulevard along 250 North.

20
21 We met with Verizon two weeks ago regarding the upgrades that are being installed to
22 enhance cell phone coverage. Verizon is planning on the installation of five (5) towers to
23 provide 4g with four (4) along Bountiful Boulevard and 1 near 100 East 800 South. These
24 towers will be upgradeable to 5g as is needed. He showed examples of what these towers will
25 look like and Mr. Johnson noted that in some cities, it is anticipated that an antennae will be
26 attached every 300 – 400 feet (on every pole), and could include that equipment for 6 – 8 service
27 providers.

28
29 **SOLAR INSTALLATIONS UPDATE**

30 Commissioner Bell commented on a letter to the editor (included in the packet) from a
31 solar customer regarding the questionable fairness of billing to solar customers. Discussion
32 followed and Mr. Johnson clarified the issue by noting a misunderstanding of that customer
33 regarding the battery which is used to activate the customer's solar generator.

34
35 Mr. Christensen referred to the Solar Customer Production and Usage Report he had
36 prepared which compared production and usage of Net Metering Residential, Net Metering
37 Commercial, and Feed-In Tariff customers. There are 195 Net Metering residential customers,
38 6 Net Metering commercial customers, and 15 Feed-In Tariff customers. He noted that 80
39 percent of what customers generate comes at a time we don't need it and after the City has
40 purchased that energy (or missed the opportunity to sell to the Feed-In Tariff customers); the lost
41 revenue for a year is approximately \$200,000 per year.

42
43 **RESOURCE UPDATE**

44 Chairman Cushing referred to the NuScale nuclear project and stated that the City will
45 need to make a decision as to whether or not to participate in that project. The Department of
46 Energy (DOE) has agreed to pay the capital costs of this unit and the operating costs for 10 years

1 on the condition that the subscribed owners would then pick up to “own” the project after that
2 time. Bountiful has tentatively agreed to subscribe to 5 MW of the project and could sign up for
3 7.5 MW.
4

5 A concern regarding picking up the project after 10 years is: would we be getting a new
6 project, or a 10-year old project? In other words, what would be the true value of the project
7 after ten years? Mr. Johnson said that his greatest concern is whether or not the project will get
8 enough subscribers to continue profitable operation.
9

10 Another concern that Chairman Cushing noted, is: what are our other options for power
11 resources? Will we need other resources—what current resource of 5 MW might we lose?
12 Commissioner Becker was excused at this time (9:55 a.m.). Discussion continued and Mr.
13 Johnson explained that we are at a place where we can still indicate our interest in the project
14 without requiring us to pay anything more. The general opinion was that we should continue
15 support of the project, but the terms of taking over from DOE (condition of project) in 10 years
16 needs to be clarified.
17

18 *The following items were included in the packet, but not discussed in the meeting:*
19

20 **POWER SYSTEMS OPERATIONS REPORTS**
21

- 22 a. **March 2019 Resource Reports**
- 23
- 24 b. **April 2019 Lost Time Related Injuries/Safety Report**
- 25
- 26 c. **April 2019 Public Relations Report**
- 27
- 28 d. **March & April 2019 Outage Reports**
29

30

31 **OTHER BUSINESS**

32 Mr. Johnson reminded the Commission that if they are interested in attending the Annual
33 UAMPS Conference in Jackson, Wyoming on August 18-21, 2019, to let him know before
34 Memorial Day.
35

36 **NEXT POWER COMMISSION**

37 The next meeting of the Power Commission will be on June 25, 2019 at 8:00 a.m.
38

39 **ADJOURN**

40 The meeting adjourned at 10:07 a.m. on a motion made and seconded by Commissioners
41 Summers and Pitcher, respectively.
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John Cushing, CHAIRMAN

