

1 **MINUTES OF THE REGULAR MEETING OF THE**  
2 **THE BOUNTIFUL CITY POWER COMMISSION**  
3 **September 28, 2021 - 8:00 a.m.**

4  
5 **Those in Attendance**

6  
7 **Power Commission**

8 Paul Summers, Acting Chairman  
9 Susan Becker  
10 Dan Bell  
11 Richard Higginson, City Council Rep.  
12 David Irvine  
13 John Marc Knight

8 **Power Department**

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

14  
15 **Mayor**

16 Randy Lewis

15 **Recording Secretary**

Nancy Lawrence

17  
18 **Excused**

19 Jed Pitcher, Chairman

20  
21 Zoom Meeting #854 2398 5559, in conformance with COVID-19 guidelines and  
22 restrictions; no one attended via Zoom.

23  
24 **WELCOME**

25 Acting Chairman Summers called the meeting to order at 8:00 a.m. and welcomed  
26 those in attendance. Mayor Lewis offered the invocation. Mr. Johnson called attention to  
27 the photograph of East Canyon dam and reservoir which was used to introduce the  
28 PowerPoint of the meeting. It was noted that the current water level is lower than the  
29 original dam, which has not been exposed since the new dam was constructed.

30  
31 **MINUTES – AUGUST 24, 2021**

32 Minutes of the regular meeting of the Bountiful Power Commission held August 24,  
33 2021 were presented and unanimously approved as written on a motion made by  
34 Commissioner Becker and seconded by Councilman Higginson. Commissioners Becker,  
35 Bell, Irvine, Knight, and Summers, and Councilman Higginson voted “aye”.

36  
37 **BUDGET REPORT – YEAR-TO-DATE 12-MONTH PERIOD ENDED 30 JUNE 2021**

38 Mr. Christensen presented the Budget Report for the Fiscal Year-to-date (YTD) 1-  
39 Month period ended 31 July 2021, noting that it is final. He reviewed the process which is  
40 used to determine the estimate for Electric Metered Sales and noted that the estimates are  
41 generally conservative. He also explained that there is a time delay of two months for each  
42 budget report due to EMS revenues and UAMPS power costs are not available until the 21<sup>st</sup>  
43 and 25<sup>th</sup> of the following month, respectively, thus missing a Power Commission meeting.

44  
45 BCLP has \$657,243 of costs identified for the 08 September 2020 high wind event.  
46 At fiscal year-end 2021, a preliminary \$500,402 was recorded in Accounts Receivable –

1 Grants, Permits, & Misc. on the balance sheet to recognize the approximate amount that  
2 could be reimbursed from the Federal Emergency Management Agency (FEMA). This  
3 reimbursement is still under review and subject to adjustment.  
4

5 **Total Revenues** YTD were \$3,281,094, above its HAB by \$251,281. Major items  
6 above or (below) budget included: Electric Metered Sales, \$226,125, above its HAB by 8.1  
7 percent; Air Products, \$28,558, above its HAB; and Street Light Income, \$15,040, above its  
8 HAB because of billing delays in the July's of prior years.  
9

10 **Total Operating Expenses** were \$2,661,415, above its HAB by \$(250,803). Major  
11 items (above) their HABS included: Power Cost Expense \$(210,013; Insurance Expense,  
12 \$(43,050); and the transfer to the general fund \$(33,361) with higher EMS. Commissioner  
13 Bell asked about the insurance expense and Mr. Christensen explained that the City is self-  
14 insured and has a cap.  
15

16 **Total capital expenditures** YTD were \$1,761.00.  
17

18 **Total Labor and Benefits Expense** YTD (included in Operating Expenses YTD and  
19 Capital Expenditures listed above) was \$318,364. As of 30 June 2021, (the last pay period  
20 in the YTD period), 6.6% or \$347,921 of the TL&B could have been spent and the actual  
21 TL&B was lower by \$29,556.  
22

23 The **Net Margin** YTD was \$617,918 at month end with high EMS (including the  
24 \$600,000 estimate), partially offset by high power costs.  
25

26 **Total cash and cash equivalents**, \$18,732,898, were down \$(1,074,480) from  
27 \$19,807,379 at 30 June 2021.  
28

29 Prior to the budget report being approved, Mr. Johnson pointed out that the natural  
30 gas expense is currently running one month behind and \$400,000 shown in August will be  
31 pushed back to July, resulting in power costs being approximately \$600,000 over budget  
32 through August at this point. Even though we were hedged, because power costs were high  
33 (and in this instance, natural gas specifically), there is a concern budget-wise overall. He  
34 said that he fears there won't be too much of a margin at the end of the year. Following a  
35 brief discussion regarding the impact this makes on the transfer to the General Fund,  
36 Commissioner Bell motioned to accept the Budget Report, Councilman Higginson seconded  
37 the motion and voting was unanimous. Commissioners Becker, Bell, Irvine, Knight, and  
38 Summers, and Councilman Higginson voted "aye".  
39

#### 40 **COVID UPDATE**

41 Mr. Pearce reported that the Power Department has had three incidences related to  
42 Covid – (1) an unvaccinated employee had Covid but is now back to work; (2) a spouse that  
43 had Covid and the employee was home caregiving but is now back to work; and (3) a  
44 vaccinated employee who was exposed and is currently quarantining at home. About 70  
45 percent of the Power Department employees have been vaccinated. Several employees may  
46 choose to get the vaccination due to mandates by SLCC where they are currently taking

1 classes. Additional masks and hand sanitizers have been ordered, though the masks are no  
2 longer mandated.

3  
4 Commissioner Becker asked if the Department has been negatively impacted by  
5 Covid as it relates to hiring personnel. Mr. Pearce said we have been short-handed since  
6 March in the tree trimming area. Job openings have been posted continuously since March  
7 and only 8 individuals have applied. We are still short one employee.

8  
9 **ONE UTAH MUTUAL ASSISTANCE AGREEMENT APPROVAL (Amended**  
10 **Agenda Item No. 4)**

11 Mr. Johnson reported that the wind event in September 2020 emphasized the need to  
12 have a Mutual Assistance Agreement between PacifiCorp, the Municipalities, and the  
13 REA's. Linemen were in short supply for all utilities due to the size of the event and other  
14 events in the county at the time. We have participated in other mutual aid agreements in the  
15 past, but this is the first time that PacifiCorp has been included. He said there will be no  
16 significant impact on the budget and participation will provide stability and reliability to the  
17 entire state power systems. He said there will be a meeting at the State Capitol on October  
18 7, 2021, at 3:30 p.m. for participating entities to attend and sign the Agreement. The mayor  
19 is invited to sign for Bountiful. It is staff's recommendation to participate.

20  
21 Councilman Higginson stated that he sees this as a great opportunity for all of Utah  
22 and he made a motion to pass a recommendation to the City Council to approve this Inter-  
23 Local "One Utah Mutual Assistance Agreement" and authorize the mayor to sign on behalf  
24 of Bountiful. Commissioner Irvine seconded the motion and voting was unanimous with  
25 Commissioners Becker, Bell, Irvine, Knight and Summers, and Councilman Higginson  
26 voting "aye". The mayor indicated that he would apprise the City Manager of this action.  
27 Commissioner Summers noted that it would be well for water users across the State to work  
28 together in a similar fashion.

29  
30 **RESOURCE SOLAR RATE UPDATE/APPROVAL**

31 Mr. Johnson reported that San Juan is still scheduled to be shut down June 2022. The  
32 Enchant Project will start production in July 2022 (with a draft contract possibly being ready  
33 by October 2021), with the carbon capture technology being delayed until 2025. Coal is still  
34 being used.

35  
36 We are still working with UAMPS on an agreement with Kern River for the Muddy  
37 Creek project (which will be considered "green"), the Red Mesa solar project is facing a  
38 delay that could go until August 2022 which will require us to find another resource for July  
39 2022, and the Steel project is currently on schedule. The IPP repowering is still scheduled  
40 to be online in June 2025 and the target is to be able to run 30 percent hydrogen. This  
41 resource would not be green and would not be cheaper. Commissioner Summers expressed  
42 concern about depending on a water project during a drought. We are also looking at a  
43 geothermal resource – FERVO - which is in southern Utah and could be available by  
44 summer of 2025. This would be a green dispatchable baseload resource. We are currently  
45 working on the pricing. Other options would be to (1) buy on the market and (2) call back  
46 IPP power.

1 Mr. Johnson referred to a line chart which demonstrated the CRSP power that is  
2 currently scheduled (which accounts for 40 percent of our resources) and how it relates to  
3 other resources as a firm resource. However, it is highly unlikely that we will continue to  
4 have our same allotment of CRSP power due to the drought. Not only will our allotment be  
5 reduced, but the rate schedule will also be changed with a proposed rate increase to become  
6 effective December 1, 2021. He said that this is a “very scary situation” for BCL&P.

7  
8 Mayor Lewis asked about the possibility/probability of working with the Wasatch  
9 Resources Recovery project at the South Davis Sewer District which produces gas. Mr.  
10 Johnson explained that Wasatch Recovery sells directly to Dominion Gas which takes all of  
11 that resource. Mr. Johnson said that we have seven years of gas firmed up for our summer  
12 load, but not for winter, because our CRSP resource has heretofore provided this resource.  
13 His current challenge is to find 10-12 MW of power for the period December – February  
14 and a firm block is not needed. Our current gas charge, delivered, is \$2.50/decatherm;  
15 however, the current market rate is \$6.00/decatherm.

16  
17 Yet another item of concern is the push from the Federal “Build Back Better” Act  
18 which is proposing a 4 percent increase in green power each year during the period of 2023  
19 – 2030. Mr. Johnson noted that coal is an issue, gas is an issue, hydro is an issue, and it will  
20 take multiple good water years to bring the CRSP resource back to where it has been in the  
21 past. Another issue is that the call back of IPP power requires 16 months’ notice. He also  
22 noted that this could impact the City budget as much as \$1 million/year.

23  
24 Options he will be looking at for winter resources are: buy from the market,  
25 purchase HLH power, purchase gas to run the plant, and/or recall 4 MW from IPP for the  
26 period April – September (however, the availability of coal poses a concern for the IPP  
27 option). Also of concern will be to adjust solar rates to positively balance the load every  
28 hour. The fact that solar power is not needed in the morning (when our customers are  
29 generating it) offsets a portion of the positive impact that this resource could have.

30  
31 Mr. Christensen reviewed the average lost revenue per customer/per year as reflected  
32 on the spreadsheet for Residential net metering customers, Commercial net metering  
33 customers, and Residential Feed-in Tariff customers. With a total of 242 customers, the  
34 total average lost revenue, per customer per year is \$795.45 and the total Lost Revenue per  
35 year is \$192,498.

36  
37 The city is currently looking at participation in the Red Mesa Tapaha Solar project  
38 which would come online June 2022, and the Steel Solar LLC which will come online  
39 December 2022. The average solar delivered cost is anticipated to be 3.87 cents/kwh. (This  
40 potentially sets what BCLP’S energy credit per KWH of surplus solar generation, our “buy-  
41 back” rate should be). We are currently paying our net metering residents 8 cents/kwh. He  
42 referred to customer examples which demonstrated how much the customer buys and sells,  
43 total production, the percent excess, and total demand. Net metering and Feed-in Tariff  
44 models were then discussed. Commissioner Irvine suggested that at some point, it would be  
45 well to consider reducing the subsidy which is being given to solar customers in Bountiful.  
46 Commissioner Knight was excused at this time.

1  
2 Mr. Johnson reviewed a staff recommendation that a new Hybrid Net Metering Solar  
3 Rate schedule be adopted, with the following conditions:  
4

5 The current Net Metering or Feed-in-Tariff customers rates will not be affected by  
6 this new policy. These rates could be adjusted during the normal rate setting  
7 process.  
8

9 Approve a Hybrid Net Metering Solar Rate with the following provisions

- 10 - Power generated and used behind the net meter remains the customers.  
11 - Power generated by the customer and purchased by the Utility will be at  
12 \$0.05/kwh (\$0.01 higher than what our costs would be and giving some benefit  
13 to our solar customers).  
14

15 Power purchased by the customer will be at the current applicable residential or  
16 commercial rate.  
17

18 All rates will be subject to the normal rate adjustments as needed.  
19

20 Current Feed-in-Tariff customers can opt to change to the new format if they desire.

- 21 - The customer would be responsible for any required electrical work  
22 - The City will waive any Inspection and permit fees.  
23 - BCLP would waive any labor or meter fees during normal working hours  
24

25 Current Net Metering customers rates will be adjusted to match the new Hybrid Net  
26 Metered in July 2030. At that time all Net Metered customers would be on the same  
27 rate.  
28

29 Mr. Johnson emphasized that we are not guaranteeing a rate to our solar customers,  
30 but one that will be reviewed annually and based on this model. Following discussion,  
31 Councilman Higginson made a motion to pass along a positive recommendation of these key  
32 points to the City Council. Commissioner Irvine seconded the motion which passed  
33 unanimously with Commissioners Becker, Bell, Irvine, and Summers and Councilman  
34 Higginson voting "aye". Councilman Higginson thanked the staff for their time and effort in  
35 preparing this proposed Hybrid model solar rate schedule and he noted that for current solar  
36 customers, being able to use their solar first has been a key motivator for them.  
37

38 Mr. Johnson informed the Commission that the proposed schedule of action for this  
39 item would be a Council work session prior to City Council on October 12<sup>th</sup> at 6 p.m., with  
40 tentative adoption in the City Council meeting on October 26, 2021. All members were  
41 invited to attend these meetings.  
42

43 *The following items were included in the packet, but not discussed in the meeting:*  
44

45 **POWER SYSTEMS OPERATIONS REPORT**

- 46 a. July 2021 Resource Reports

- 1 b. July/August 2021 Lost Time/Safety Reports
- 2 c. July/August 2021 Public Relation Reports
- 3 d. July/August 2021 Outage Reports
- 4

5 **OTHER BUSINESS**

6 None.

7


8 **NEXT POWER COMMISSION**

9 The next meeting of the Power Commission will be held on October 26, 2021, at  
10 8:00 a.m.

11

12 **ADJOURN**

13 The meeting adjourned at 10:00 a.m. on a motion by Commissioner Irvine and  
14 seconded by Councilman Higginson. Voting was unanimous with Commissioners Becker,  
15 Bell, Irvine, Pitcher and Summers, and Councilman Higginson voting "aye".

16   
17 Paul Summers, ACTING CHAIRMAN  
18