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**MINUTES OF THE MEETING
OF THE
BOUNTIFUL CITY POWER COMMISSION
May 23, 2023 - 8:00 a.m.**

Those in Attendance

Power Commission

Paul C. Summers, Chairman
Susan Becker
Richard Higginson, Councilman
David Irvine
John Marc Knight

Power Department

Allen Johnson, Director
Dave Farnes
Jess Pearce
Luke Veigel
Tyron Hansen

Excused

Dan Bell, Commissioner
Jed Pitcher, Commissioner

Recording Secretary

Nancy T. Lawrence

Visitors

Gary Davis, City Resident
Ron Mortensen, City Resident

WELCOME

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

MINUTES. April 11, 2023

Minutes of the regular meeting of the Bountiful Power Commission held April 11, 2023, were presented, and unanimously approved as corrected on a motion made by Councilman Higginson and seconded by Commissioner Becker. Commissioners Becker, Irvine, Knight, Summers and Councilman Higginson voted "aye".

BUDGET REPORT – YEAR TO DATE 9-MONTH PERIOD

Mr. Hansen presented a summarized Budget Report for the Fiscal Year-to-date 9-Month period ending March 31, 2023. Total **Revenues** YTD were \$24,169,621, above its HAB by \$1,810,104. Major items above budget were: Electric Metered Sales, at \$1,239,699 above budget by 6.3%; Air Products income, at \$252,658, above budget with an average load factor of 72.4% for the YTD period, compared to 58% for this time last year; Contribution in Aid to Construction at \$102,800, above its HAB as a result of \$48,000 for the MRI at Renaissance, and \$180,000 for the Renaissance Town Center; and Interest Income on Investments at \$199,449, with March interest allocation of \$11,000.

Total Operating Expenses YTD were \$26,218,762, above the HAB by (\$6,603,798). Major items (above) budget included Power Costs Expense at (\$7,556,816); Insurance Expense at (\$45,221); and the Transfer to the General Fund Expense at (\$29,7889). Major items below budget were Distribution Expense at \$315,824; Street Light Expense at \$130,959; Transformers Expense at \$132,362; and Meter Expense at \$104,545.

1 Total Capital Expenditures YTD were \$716,751 and included: \$432,000 for Feeder
2 574; \$135,000 for Feeder 576; \$49,000 for Renaissance; \$35,000 for the Renaissance MRI;
3 \$17,000 for the Main Street MRI; and \$23,000 for a truck body deposit.

4
5 Labor and Benefits Expense YTD (included in Operating Expenses YTD and Capital
6 Expenditures YTD presented above) was \$3,376,664. As of 18 March 2023, 71.5% or
7 \$3,840,090 of the total Labor and Benefits budget could have been spent; the actual TL&B
8 was \$463,426 below that target.

9
10 The Net Margin YTD was (\$2,765,893), as above-budget revenues and many below-
11 budget operating expenses weren't enough to overcome the high-power costs. The total
12 Cash and Cash Equivalents were at a net \$16,964,388 at month end, down \$3,430,525 from
13 \$20,394,914 at 30 June 2022 and \$1,856,388 above the \$15,108,000 total reserved cash
14 requirement.

15
16 Commissioner Becker asked how much the rate increase will generate/month. Mr.
17 Johnson said that it varies from month to month, but for June 2023 the estimate is \$400,000.
18 She expressed concern that the proposed rate increase may not be enough to both "fill the
19 gap" and cover operating expenses. Mr. Johnson said the 15% is not putting money to cover
20 capital improvements back up. He also noted that it is anticipated that June, July and
21 August will still be negative. In addition to the increased power costs, we lose solar at the
22 time we need it to cover our peak. It is anticipated that the budget, as presented for the year,
23 will be covered by the proposed 15% rate increase. It is also anticipated that another rate
24 increase will be needed next year to start funding the necessary capital improvements. The
25 cost of our resources at that time, and in anticipation of a rate increase from CRSP in
26 October, will give more definitive direction in the amount of another rate increase.

27
28 Commissioner Irvine made a motion to accept the Budget Report for the Year-to-
29 Date 9-Month Period ended March 31, 2023, as presented. Councilman Higginson seconded
30 the motion and voting was unanimous. Commissioners Becker, Irvine, Knight, and
31 Summers, and Councilman Higginson voted "aye".

32
33 **RESOURCE UPDATE**

34 Mr. Johnson led a discussion regarding power resources, beginning with a solar
35 update. **Red Mesa Solar** started operating on April 18, 2023. This resource has a pre-
36 payment option which offers a 10-12 percent discount and will require further discussion
37 and tax Compliance Certificates from cities. We will need to approve this by August 2023
38 and will discuss it further in the June meeting.

39
40 The **Steel Project (6 MW)** is having problems with delivery of solar panels but is
41 tentatively scheduled to be in operation October 2023. Solar panels will be coming from
42 Solar Space in Cambodia.

43
44 We are looking at a waste coal project, **Sunny Side Coal**, which is located near
45 Price, Utah. It is fairly small (5 MW's, at \$72/MWh) and would be only for three years
46 (September 2023-2026). UAMPS Board approval is needed by June 22, 2023, and the

1 Governing Board approvals are needed by August 3, 2023. This plant has been operational
2 for some time and has availability due to other users moving away from a coal resource.
3

4 Mr. Johnson noted that other future power options that are being considered is (1) 15
5 MW in a larger **natural gas plant** (which we would participate in via UAMPS) for the
6 purpose of covering peaking power; and (2) participation in the **Nextera solar** project which
7 includes 10 MW's with 5 MW's batteries. The average cost (including both the solar field
8 and batteries) is \$69 MWh. This project is located in Iron County.
9

10 Coal resources are limited due to the **Lila Canyon** mine fire and it is not producing
11 any coal at this time. The **Hunter plant** (which is scheduled through UAMPS) did not offer
12 any power for the month of May and there will be no LLH power scheduled from June –
13 September due to the unavailability of coal.
14

15 **IPP** is also having problems getting coal due to delivery issues, as well as the fact
16 that the coal which is available has been sold to other states and China. They are currently
17 operating one unit at minimum through June, with the plan to operate two units from July –
18 October. We currently have 8 MW's called back but are only getting 1.2 MW and the
19 summer season ends September 25, 2023. Unless we can line up other resources, we may be
20 in trouble during the hot summer months.
21

22 We have 4 MW called back for the winter season; if IPP is available, we could
23 increase another 4 MW or if we don't need this resource, we could turn it back to the group.
24 Inasmuch as we are only getting 1.2 MW of our 8 MW entitlement, we have purchased
25 power for the winter, and I recommend that we give all of our 4 MW back to the California
26 group. Then we can reassess our position at Christmastime for next summer and winter
27 seasons. Mr. Johnson showed a time-lapse video of the construction at IPP (last fall until
28 this past Monday, May 25th). The new plant is scheduled to be online in June 2025 The gas
29 line appears to be about half-way installed and the next bonding date is August 14-18, 2023.
30 Councilman Higginson asked if there is a forecast on coal/delivery issues being resolved.
31 Mr. Johnson said that economics of the railroad has dictated the current position of railroad
32 availability and most likely will continue to be a driving factor.
33

34 The **Echo and PineView hydros** are currently operating but are managing the flows
35 based on flood control measures. It is anticipated that both dams will fill and spill this year.
36 This could result in both hydros being restricted.
37

38 Mr. Johnson reviewed that PacifiCorp has announced their new losses (from 3.75%
39 to 4.3%), which will be passed through UAMPS, and starting in June 2023, will result in
40 higher overall power costs. Power costs associated with Lake Powell are anticipated to
41 continue to increase, based on the fact that it could take 20 years to fill. Proposed changes
42 to **Greenhouse Gas Rules** were reviewed and Mr. Johnson reported that they will not affect
43 the Plant; however, they will affect IPP and Hunter and at this time are more theoretical than
44 actual. They have not been approved.
45

1 Subscription is still a problem with the Carbon Free Project; however, we have
2 signed a nondisclosure agreement for this project. The outcome of this project should be
3 known by December 2023.

4
5 Commissioner Irvine expressed concern about the economic picture of BCL&P with
6 resources facing so many unknown issues. He asked if time-of-day metering had been
7 considered or is an option for Bountiful residents. Mr. Johnson said that the meters
8 currently in use do not support time-of-day, and to change to meters capable of that would
9 be a \$6 million upgrade. Commissioner Irvine stated that if all we have to offer is increased
10 rates, he would make a motion asking staff to evaluate what it would take to implement
11 time-of-day pricing and report back to the Commission for study and recommendation to the
12 City Council by October 2023. It was noted that PacifiCorp currently has the capability to
13 do time-of-day metering. Councilman Higginson seconded the motion. Following a brief
14 discussion, the Commission voted unanimously in favor of the motion. Commissioners
15 Becker, Irvine, Knight and Summers, and Councilman Higginson voted "aye".

16
17 *The following items were included in the packet, but not discussed in the meeting:*

18
19 **POWER SYSTEMS OPERATIONS REPORT**

- 20 a. March 2023 Resource Reports
- 21 b. April 2023 Lost Time/Safety Reports
- 22 c. April 2023 Public Relation Reports
- 23 d. March 2023 Outage Reports

24
25 **OTHER BUSINESS**

26 None

27
28 **NEXT POWER COMMISSION**

29 The next meeting of the Power Commission will be held on June 27, 2023, at 8:00
30 a.m.

31
32 **ADJOURN**

33 The meeting adjourned at 9:35 a.m. on a motion by Commissioner Irvine and
34 seconded by Councilman Higginson. Voting was unanimous with Commissioners Becker,
35 Irvine, Knight, and Summers and Councilman Higginson voting "aye".

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Paul C. Summers, CHAIRMAN