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**MINUTES OF THE
BOUNTIFUL CITY POWER COMMISSION**
August 27, 2019 - 8:00 a.m.

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Those in Attendance

Power Commission

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

Power Department

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

City Administration

Gary Hill, City Manager

Recording Secretary

Nancy Lawrence

Excused

Jed Pitcher, Commissioner

WELCOME

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

MINUTES – June 25, 2019

Minutes of the regular meeting of the Bountiful City Power Commission held June 25, 2019 were presented and unanimously approved as written on a motion made by Commissioner Summers and seconded by Commissioner Irvine. Commissioners Cushing, Becker, Bell, Irvine, and Summers and Councilman Knight voted “aye”.

**RESOLUTION NO. 2019-08 TO APPROVE THE RED MESA
TAPAHA SOLAR FIRM POWER SUPPLY AGREEMENT**

Mr. Johnson reviewed that the Power Department has been working to secure a utility size solar power project for some time and we now have an opportunity to purchase 8.8355% (or 5,831 kW) of the 66 MW output from the “Red Mesa Tapaha Solar Project”. This project is owned by the Navajo Tribal Utility Authority (NTUA) and is located on the Navaho reservation in Utah. The transmission rights for this project have been secured and the power will be delivered under UAMPS’ Transmission Service Operating Agreement. The term of the power purchase agreement would be 25 years commencing on the commercial operation date which is anticipated to be June 1, 2022.

The purchase price for the project is \$23.15 per megawatt hour (MWH) with an annual 2% escalator for an average cost of \$29.66/MWH (\$0.23/kwh, or just under \$.03/kwh) for the 25 years. We currently pay our solar customers up to \$0.09/kwh, making the Red Mesa resource extremely favorable. Mr. Johnson pointed out that this resource will allow us to increase our renewable energy portfolio for the entire City. This solar resource will be backed up by the existing Power Department’s power plant to provide power to the residents in the afternoons and evenings. The Agreement has been reviewed by

1 the City Attorney and it is the recommendation of staff that Resolution No. 2019-08 entitled, “A
2 RESOLUTION AUTHORIZING THE RED MESA TAPAHA SOLAR PROJECT TRANSACTION SCHEDULE UNDER
3 THE POWER SUPPLY AGREEMENT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; AND RELATED
4 MATTERS” be approved. Following a brief discussion, Commissioner Irvine *enthusiastically* motioned
5 that the Power Commission recommend to the City Council that Res. No. 2019-08 be approved and the
6 Mayor be authorized to sign it. Commissioner Summers seconded the motion and voting was
7 unanimous in the affirmative. Commissioners Cushing, Becker, Bell, Irvine, and Summers and
8 Councilman Knight voted “aye”.

9
10 **TRUCK CAB AND CHASSIS APPROVAL**

11 Mr. Pearce reviewed that the 2019-20 budget includes the purchase of a new substation
12 maintenance vehicle to replace Unit #5026, a 2006 Chevrolet extended cab vehicle. The purchase will
13 be made in two parts – cab and chassis in one bid and service body in a second bid. The total budgeted
14 for this vehicle is \$85,000.

15
16 It is the staff recommendation that the cab and chassis be purchased from Performance Ford
17 Lincoln (local dealer), low bid, for a 2020 Ford F-350 super cab, diesel, 4x4 at a price of \$43,240.90.
18 Commissioner Summers made a motion that the Power Commission recommend to the City Council that
19 the bid from Performance Ford Lincoln in the amount of \$43,240.90 be accepted. Commissioner Bell
20 seconded the motion and voting was unanimous. Commissioners Cushing, Becker, Bell, Irvine, and
21 Summers and Councilman Knight voted “aye”.

22
23 **SERVICE BODY APPROVAL**

24 Mr. Pearce presented the bid results for the service body to be used on the cab and chassis, just
25 discussed (see above). Four bids were received from two local suppliers. It is the staff recommendation
26 to accept the low bid from Mountain States Industrial Service, for a **Dakota** service body in the amount
27 of \$34,925.00. This will be within the budget as noted above. Commissioner Becker made a motion
28 that the Power Commission recommend to the City Council that the bid for the **Dakota** service body be
29 approved, as presented. Commissioner Bell seconded the motion which carried unanimously.
30 Commissioners Cushing, Becker, Bell, Irvine, and Summers and Councilman Knight voted “aye”.

31
32 **BUDGET REPORT – YEAR-TO-DATE 12-MONTH PERIOD ENDING**
33 **JUNE 30, 2019**

34 Mr. Christensen presented the Budget Report for the Fiscal Year-to-Date 12-month Period Ended
35 June 30, 2019. He noted that May 2019 is final (with estimates as shown) and June 2019 is preliminary.
36 Missing data includes numerous fiscal year-end (FYE) adjustments.

37
38 Total revenues YTD were \$30,603,038, below its historically allocated budget (HAB) by
39 \$(4,035,349). Major items (below) their HABs were: Electric Metered Sales (EMS), below its HAB by
40 \$(25,865) or 0.1%; Air Products Income, below its HAB by \$(54,158) due to the temporary loss of its 46
41 KV transformer in November 2018; Street Light Income, below its HAB by \$(47,592) due to a timing
42 difference; Contribution In Aid to Construction, below its HAB by \$(216,420); and Use of Retained
43 Earnings, below its HAB by \$(3,964,152) as many budgeted capital expenditures which were to be
44 funded by the use of retained earnings were either below their budgets or were not done. These were
45 partially offset by items over their HAB including: Interest Income on Investments, above its HAB by
46 \$200,134; Interest Income on Rate Stabilization Fund, above its HAB by \$37,698; and Gain On Sale of

1 Fixed Assets, above its HAB by \$52,660 with the sale of transformers and used vehicles.

4 Total Operating Expenses YTD were \$27,083,663, below its HAB by \$914,224. Major expenses
5 below their HABS included: Power Costs, below by \$1,134,778; Distribution Expense, below by
6 \$120,272; and Contingency Expense (which was not used), below by \$657,246. Major items over their
7 HABS were Street Light Expense, below by \$(272,838); Loss on Deleted Fixed Assets, below by
8 \$(95,658) with the transfer of the traffic signal system to the City's Engineering Department in
9 December 2018; and Amortization Expense, below by \$(1,212,235) for the San Juan power plant, which
10 had not been included in the budget.

11 Total Capital Expenditures YTD were \$2,468,819, and included materials, labor, and third-party
12 work on the 138 KV substation, Feeders #575 and #37X East, feeder inter-ties for #673-#271 and #573-
13 676, the Stone Creek Rainey project, and the Culver's project.

14
15 Total Labor & Benefits (TL&B) expense YTD was \$4,336,109. As of 15 June 2019 (the last pay
16 period paid in the YTD period), 95.9% or \$4,300,568 of the TL&B budget could have been spent; the
17 actual TL&B was \$(35,541) above that target.

18
19 The Net Margin YTD was \$1,050,556, above its HAB by \$1,050,556, with lower than budgeted
20 capital expenditures, power costs, and many other operating expenses more than offsetting lower than
21 budgeted revenues.

22
23 Total cash & cash equivalents were a net \$26,047,203 at month end, up \$738,209 from the total
24 at 30 June 2018. The biggest factor in the cash flow was the net margin. Commissioner Summers asked
25 if there was a written policy regarding cash and cash equivalents balances. Mr. Johnson noted that the
26 only solid requirement is that \$5 million be retained to back the bond. Otherwise, the cash balance is
27 designed to support the operations of the Department, maintain its AA- Bond rating, and fund its
28 proposed 10-year capital expenditure program. (Motion/action in next item).

29
30 **BUDGET REPORT – YEAR-TO-DATE 1-MONTH PERIOD ENDED JULY 31, 2019**

31 Mr. Christensen reiterated that the fiscal year (FY) 2019 figures are preliminary until the
32 independent audit is completed (expected by November). Because of this, the fiscal year-to-date (YTD)
33 July 2019 income statement, balance sheet, and cash flow statement in this report are subject to audit
34 adjustments and are also preliminary. He also explained the process for creating more accurate budget
35 comparisons for FY 2020 estimates for Electric Metered Sales, Air Products Income, and UAMPS
36 power costs (all of which have time delays of about a month between when revenues or expenses are
37 earned or incurred and when they are reported in the financial statements).

38
39 Total Revenues YTD were \$2,102,940, below its HAB by \$(384,010). Major items below their
40 HABS included: Electric Metered Sale, below by \$(272,881); Air Products Income, below by \$(32,895)
41 with a 63% load factor; Contribution in Aid to Construction, below by \$(38,416); and Interest Income
42 on Investments and Interest Income on Rate Stabilization Fund which were both below their HABS due
43 to FYE adjustments.

44
Total Operating Expenses YTD were \$2,294,453, below its HAB by \$645,973. The major item
below its HAB was Power Costs, \$556,387, attributed to lower EMS, and careful purchasing and

1 scheduling of power resources. Hydro Transmission was below its HAB by \$64,501 and included only
2 the annual insurance payment. Significant items above their HABs were Distribution, \$(16,165), and
3 Street Light Expense \$(15,919).
4

5 Total Capital Expenditures YTD were \$2,803 and included materials for the feeder #673-#271
6 Inter-tie.
7

8 Total Labor and Benefits Expense YTD was \$153,939. As of 13 July 2019 (the last pay period
9 paid in the YTD period), 3.6% or \$165,181 of the TL&B budget could have been spent; the actual
10 TL&B was \$11,242 below that target.
11

12 The Net Margin for the YTD was \$(191,316), above its HAB by \$261,434, with lower than
13 budgeted power costs that more than offset lower than budgeted revenues.
14

15 Commissioner Bell made a motion to approve the Budget Reports for the following periods:
16 Year-To-Date 12-Month Period Ending June 30, 2019; and Year-To-Date 1-Month Period Ended July
17 31, 2019, as presented. Commissioner Summers seconded the motion and voting was unanimous in the
18 affirmative. Commissioners Cushing, Becker, Bell, Irvine, and Summers and Councilman Knight voted
19 "aye".
20

21 *Commissioner Irvine was excused at this time.*
22

23 An informal discussion followed regarding the solar resource and future implications of air
24 pollution from natural gas, as well as the possibility of participating in the nuclear project in Idaho.
25 Commissioner Cushing also noted that, in the last 12 years, \$48,482,128 has been expended for capital
26 projects by BCL&P for the purpose of maintaining substations, the plant, purchasing equipment and
27 other maintenance projects. In addition to accomplishing these improvements, BCL&P has been able to
28 maintain a positive cash position. He mentioned that consideration might be given to a small rate
29 increase every year—as opposed to increasing rates less often but by more significant amounts.
30

31 ECHO LINE PROBLEMS UPDATE

32 Mr. Pearce reported on the recent damage/repair on the Echo Transmission. A cross arm on an
33 80-foot pole broke, and resulted in a wildfire starting below the pole. He narrated a video of the repair
34 that was done and which also showed additional weaknesses along this transmission line that will need
35 to be repaired this fall when the hydro line is not in use. This line is 33 years old and planned
36 maintenance will be scheduled. The video demonstrated the expertise of the crews who were able to
37 work in very difficult terrain with equipment limitations and kudos were extended to those individuals.
38

39 Mr. Pearce noted that Cache Valley Electric has been asked for a quote to do the line repair work
40 involving five structures later this fall. Mr. Hill pointed out that a healthy cash balance is a critical
41 condition of being able to perform these repair/maintenance jobs that were not included in the budget.
42

43 In addition to making sure that our power resource is reliable, Mr. Johnson pointed out that the
44 City could be held liable for firefighting costs should a fire break out as a result of transmission issues.
45 With this in mind, he said that we might look at getting fire coverage in our insurance package.
46

1 **DIRECTIONAL BORING UPDATE**

2 Mr. Veigel reported that Hunt Electric just needs to do the wiring on the street lights to complete
3 that project. An unidentified culvert was found near Andy's gas station on 1250 South 500 South and a
4 solution to working around this obstacle is being studied. They are ready to start working on 1000
5 North (by the Fifth Amendment) to 200 West. He said this project is going well.
6

7 **SOLAR INSTALLATIONS UPDATE**

8 Mr. Christensen provided a spreadsheet on the current financial position of solar customers, with
9 total lost revenue from 195 residential customers (on net metering) at \$152,580; lost revenue from six
10 (6) net metering commercial customers at \$10,334. Revenue lost to Feed-in tariff customers was
11 \$6,994. We are attempting to have rate schedules that make it so non-solar customers are not
12 subsidizing those with solar and it is fair for all customers.
13

14 **RESOURCE UPDATE**

15 Mr. Johnson reported briefly on the proposed nuclear project and noted that he is still on the
16 UAMPS board for this project and will continue to keep the Commission apprised of developments.
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. **May and June 2019 Resource Reports**
23
24 b. **June and July 2019 Lost Time Related Injuries/Safety Report**
25
26 c. **June and July 2019 Public Relations Report**
27
28 d. **June and July 2019 Outage Reports**
29

30
31 **OTHER BUSINESS**

32 None.
33

34 **NEXT POWER COMMISSION**

35 The next meeting of the Power Commission will be on September 24, 2019 at 8:00 a.m.
36

37 **ADJOURN**

38 The meeting adjourned at 9:20 a.m. on a motion made by Commissioner Summers and seconded
39 by Commissioner Becker.
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John Cushing, CHAIRMAN

