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**MINUTES OF THE
BOUNTIFUL CITY POWER COMMISSION
November 26, 2019 - 8:00 a.m.**

Those in Attendance

Power Commission

Jed Pitcher, Acting Chairman
Susan Becker
David Irvine
Paul Summers

Power Department

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

City Administration

Gary Hill, City Manager
Tyson Beck, City Recorder

Recording Secretary

Nancy Lawrence

Visitor

Gary Davis

Excused

John Cushing, Chairman
Dan Bell, Commissioner
John Marc Knight, City Council Representative

WELCOME

Acting Chairman Pitcher called the meeting to order at 8:00 a.m. and welcomed those in attendance. Gary Hill offered the invocation.

MINUTES – October 22, 2019

Minutes of the regular meeting of the Bountiful City Power Commission held October 22, 2019 were presented and unanimously approved as written on a motion made by Commissioner Irvine and seconded by Commissioner Summers. Commissioners Becker, Irvine, Pitcher, and Summers voted “aye”.

RECOGNIZE JOHN MARC KNIGHT FOR SERVICE

This Agenda item was postponed to a later date when Councilman Knight can be in attendance.

**THE POWER DEPARTMENT AS REPORTED IN THE CITY OF BOUNTIFUL’S
CONSOLIDATED ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2019**

Mr. Christensen reported on the recently completed City of Bountiful Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2019, noting that it received an unqualified opinion, that the financial statements were presented fairly in all material respects, and that they were in conformity with accounting principles generally accepted in the United States of America. He called attention to the major highlights of the Power Department as reported in the CAFR: pages 1-2 have the Independent Auditor’s Report; pages 10-11 show that part of the Management Discussion and Analysis that pertains to the Power Department; pages 29-34 show its financial statements; page 49 shows its

1 power projects and related contracts; page 50 shows its long-term debt; page 68 shows a prior period
2 adjustment that affected the Power Department; and pages 106, 115, and 116 have various tables with
3 related information.
4

5 Mr. Christensen thanked Tyson Beck for his support and expertise in helping prepare the CAFR.
6 In response to a question from Commissioner Pitcher regarding risks that might be facing the City /
7 department, Mr. Christensen referred to the CAFR's Note 15 on Risk Management and pages 64-65.
8

9 **BUDGET REPORT – YEAR-TO-DATE 4-MONTH PERIOD ENDED 31 OCTOBER, 2019**

10 Mr. Christensen then presented the Budget Report for the Year-to-Date 4-Month Period Ended
11 31 October, 2019 and noted for Fiscal Year 2020 the months of July through September 2019 are final,
12 and October 2019 is preliminary though most line items YTD amounts will not change from this report
13 when they are final. He also noted that on November 1, 2019 the \$705,000.00 annual principal payment
14 and a \$267,914.50 semi-annual interest payment was made on the 2010 Bond while a Federal interest
15 expense subsidy of \$113,086.71 was received October 2, 2019.
16

17 Total Revenues YTD were \$10,684,212, below its historically allocated budget (HAB) by
18 \$(555,000). Major items below their HABs included: Electric Metered Sale, below by \$(379,557) due
19 to milder summer weather; Air Products Income, below by \$(70,900) with a 65.0% load factor; and
20 Contribution in Aid to Construction, below by \$(111,616).
21

22 Total Operating Expenses YTD was \$9,475,744, below its HAB by \$1,236,598. The major
23 items below their HAB were Power Costs, \$1,249,574, attributed to lower EMS and careful purchasing
24 and scheduling of power resources; and Hydro Transmission which was below its HAB by \$61,210.
25 Street Light expense was above its HAB by \$(265,255) with work on budgeted projects, primarily
26 boring by third-party contractors. Safety Equipment expense was also above its HAB by \$(10,078),
27 attributed to recent purchases of arc-flash rated clothing and the annual UAMPS bill for safety training.
28

29 Total Capital Expenditures YTD were \$109,565 which included \$115,400 for the Downtown
30 Plaza, \$35,862 for the late completion of the service body for truck #5072, plus work on street lights, the
31 Holbrook pump, and the feeder #673 - #271 inter-tie.
32

33 Total Labor and Benefits Expense YTD was \$1,323,166. As of 19 October 2019 (the last pay
34 period paid in the YTD period), 30.4% or \$1,419,390 of the TL&B budget could have been spent; the
35 actual TL&B was \$87,224 below that target.
36

37 The Net Margin for the YTD was \$1,017,903, above its HAB by \$590,466, with lower than
38 budgeted power costs that more than offset lower than budgeted revenues.
39

40 Total cash & cash equivalents were a net \$27,707,700 at month end, up \$1,660,497 from
41 \$26,047,203 at June 2019.
42

43 Following a brief discussion, Commissioner Becker made a motion to approve the Budget
44 Report for the 4-Month Period Ending October 31, 2019, as presented. Commissioner Summers
45 seconded the motion and voting was unanimous in the affirmative. Commissioners Becker, Irvine,
46 Pitcher, and Summers voted "aye".

1 **ECHO TURBINE REPAIR UPDATE**

2 Alan Farnes reported on the work that has been done on the turbines at the Echo Hydro Plant,
3 noting that while the units are opened up and accessible, they should be sand blasted and recoated. The
4 cost to sandblast and recoat all three units is \$210,000. Units 2 and 3 could be completed before the end
5 of the year and this work would not impact the reassembly schedule for these units. He said that the
6 units are 33 years old, and with proper maintenance, it is hoped that we can get another 33 years of use
7 by painting them. It is the recommendation of staff to approve the additional cost for Prime Machine to
8 sandblast and recoat all three turbine units and a portion of the penstocks at a total cost of \$210,000.
9

10 Commissioner Pitcher asked how much was budgeted for repairs at the Echo plant and Mr.
11 Johnson said about \$1 million, with approximately \$500,000 having already been specifically allocated.
12 Commissioner Summers motioned to accept the recommendation of staff to approve the additional costs
13 for sand blasting and painting (\$210,000) and to pass this recommendation on to the City Council.
14 Commissioner Irvine seconded the motion which carried unanimously. Commissioners Becker, Irvine,
15 Pitcher and Summers voted "aye".
16

17 **POWER PLANT TITAN REPAIR APPROVAL**

18 Alan Farnes reviewed that the Power Plant in Bountiful has three natural gas fired turbine
19 generators and it has been discovered that the two Titans (installed in 2012) have a buildup of an
20 unknown white substance on some of the stationary nozzles in the combustion chambers. This buildup
21 has caused some cracking of the nozzle metal with some metal peeling up and could become a serious
22 problem if the loose material breaks free and hits some of the moving parts of the turbines. Solar
23 Turbines, Inc. discovered this problem while doing annual maintenance on the turbines and it is their
24 recommendation to not run Unit 2. Unit 3 also has some cracking of the nozzle metal but no peeling at
25 this point.
26

27 The cost to repair one turbine engine is \$1,140,305.03 (the initial cost of each turbine generator
28 was \$7.5 million). It is staff's recommendation to repair both turbine engines now so they will both be
29 available for safe operation next summer. Solar Turbines said they could start the work in February
30 2020 and be completed in March 2020. The total cost to rebuild both engines will be \$2,280,610.06.
31 Mr. Farnes said it is anticipated that we would need to amend our current 2019-20 budget and the
32 necessary funds would come from the Department's Retained Earnings. In response to a question from
33 Commissioner Pitcher, Mr. Johnson said Solar Turbines would warranty the engines to finish out the
34 current 30,000 hours. Commissioner Becker motioned to recommend approval of the proposal from
35 Solar Turbines to rebuild both Titan engines for a total cost of \$2,280,610.06. Commissioner Irvine
36 seconded the motion and voting was unanimous in the affirmative. Commissioners Becker, Irvine,
37 Pitcher and Summers voted "aye".
38

39 **PINEVIEW HYDRO VALVE ACTUATORS APPROVAL**

40 Alan Farnes reviewed that when the inlet valve which is used to redirect the penstock water
41 through the Pine View Hydro plant was shut down this fall, it malfunctioned and became stuck in the
42 closed position. A representative from Auma (the company that manufactured the valves) has
43 recommended that the actuator which controls the valve be replaced. There are two valves with the
44 same type of actuator at the hydro. The cost to replace one actuator is \$17,519. There would be
45 additional costs for a crane and installation and calibration of a new actuator. It is the recommendation
46 of staff that while a crane and the Auma technician is on site, that both actuators be replaced at the same

1 time. The total cost for two actuators would be \$35,038.00. (This would not include the crane cost nor
2 the cost of an Auma technician to install and calibrate the new actuators). This equipment was originally
3 installed in 1991.
4

5 Following discussion, Commissioner Irvine made a motion to recommend approval of the staff
6 recommendation to approve the purchase of two actuators from ATSCO Sales and Service for a total
7 cost of \$35,038.00. Commissioner Summers seconded the motion which carried unanimously.
8 Commissioners Becker, Irvine, Pitcher and Summers voted "aye".
9

10 **GATEWAY MAPPING GIS CONVERSION APPROVAL**

11 Mr. Veigel reported that the current budget includes an upgrade for the power system maps. It is
12 planned to convert and upgrade the maps to a Geographic Information System (GIS). The current maps
13 are in an Auto CAD format. The proposed upgrade will make our operations safer and more reliable. A
14 quote was requested from Gateway Mapping Inc., which includes setting up the base maps, converting
15 the CAD drawings to the GIS format, data clean-up, training, and support. The quote from Gateway
16 Mapping is \$86,830. They are a local company which will make the conversion easier. Following a
17 brief discussion, Commissioner Summers motioned to recommend approval of this project and the
18 \$86,830 expenditure. Commissioner Becker noted that the GIS system will be real-time and much more
19 efficient and she seconded the motion. Voting was unanimous with Commissioners Becker, Irvine,
20 Pitcher and Summers voting "aye".
21

22 **138 SUBSTATION UPDATE**

23 Mr. Farnes reported that Cache Valley Electric (CVE) has completed all of the punch list items
24 and has invoiced us for the remaining \$345,268. There was only one extra billed by CVE on this project
25 which was in the amount of \$28,202.72 for removing the old #2 transformer after it failed and for
26 temporarily connecting the old #1 transformer.
27

28 The total cost for the substation rebuild came to \$5,517,757. The total estimated budget for the
29 project was \$6,000,000, split between two budget years.
30

31 Discussion followed regarding risks of the Department. Mr. Johnson explained that \$18 million
32 of the budget is power costs and that is the biggest risk. Resources are a part of that and he noted that
33 the availability from San Juan and IPP is not firm in the long-range. Other risks include the possibility
34 of failure of transformers, pole replacements, and transmission line integrity.
35

36 **POLE REPLACEMENT UPDATE**

37 Mr. Pearce narrated slides that showed the power poles in the City, color coded to identify those
38 that were priority rejects, marginal rejects (but not severe), and poles that have been replaced. Year-to-
39 date 18 priority rejects have been replaced. In the process of replacing the 18 rejected poles, others
40 contiguous to and in a string with the bad pole(s) are also replaced where there is bad wire, or other
41 safety/age factors. The total poles replaced this year are 73. The average poles replaced annually is
42 107/year. We are hoping to replace at least 120 poles this year, with one more month to go. Winter
43 weather doesn't stop this work, but definitely slows it down. In an effort to meet the annual goals, we
44 are looking at increasing personnel or contracting for pole replacement.
45

46 Mr. Pearce showed the group a section of a pole which had been replaced. The pole was totally

1 hollow. He said that the reason why the outside (about ½-inch thick) had maintained its substance and
2 strength was the depth of the creosote which had penetrated during the butt treatment. Mr. Johnson
3 noted that these types of poles, particularly on secondary lines, are a critical hazard to linemen and a
4 yearly maintenance plan must be implemented. Mr. Hill noted that an effort is being made and
5 hopefully can be included in the upcoming budget to economically minimize risk to personnel by
6 implementation of a pole replacement plan. This matter will continue to be studied.

7
8 **SOLAR INSTALLATIONS UPDATE**

9 Mr. Christensen reported that there are currently a total of 221 solar customers (including
10 residential and commercial net metering and residential feed-in tariff) and the lost revenue to date is
11 \$171,637.00, with average lost revenue per customer per year at \$776.64. Mr. Christensen noted that
12 there is less lost revenue, proportionately, from feed-in tariff customers.

13
14 **RESOURCE UPDATE**

15 Mr. Johnson reported that we would be crossing over an off ramp in November if we wanted to
16 get out of the NuScale project through UAMPS. An additional amount has been budgeted to fund the
17 project until March 2020. The parent company (FLUOR Energy Company) has experienced financial
18 issues and there are not as many subscribers as anticipated. UAMPS has been talking to the Public
19 Service of New Mexico about joining the project. There is a possibility that this could be facilitated by a
20 transmission “swap”. The power BCLP currently gets from CRSP could be used by New Mexico, and
21 BCL&P would use an equal amount of the nuclear resource allocated to New Mexico. UAMPS has been
22 talking to other entities in the North West, which may require Bonneville Power Agency (BPA) to have
23 a Power Purchase Agreement with UAMPS. He said we have until December 4th to make a decision and
24 if we want to get out, the City Council must vote to do it. If we decide to get out, there is about \$1.5
25 million that has not been billed and we will have to pay our share. If we are not considering getting out,
26 we do nothing until March. He said that would be his recommendation.

27
28 Commissioner Summers agreed that we should not take an off-ramp at this time. Mr. Johnson
29 pointed out that CRSP is about 42 percent of our base load, natural gas has waning support, and we need
30 nuclear. Gary Hill shared that the City Council discussed this in their meeting last week and it was their
31 consensus to stay in until March.

32
33 Mr. Johnson reviewed our position with IPP, stating that the IPP contract was approved last night
34 and financing must be in place by the end of December. The coal plant will be torn down and focus will
35 be on the deadlines for the gas project. He said that IPP will continue to be involved with California
36 because of transmission requirements for green power coming from IPP. There was a brief discussion
37 regarding solar power and its need for battery storage.

38
39 **2019 CALENDAR UPDATES**

40 Mr. Johnson reviewed that the UAMPS Annual Meeting will be held December 18, 2019 at 9:00
41 a.m. at the Salt Lake City Marriott Center (220 South State Street) and all are invited to attend. He said
42 that he needs to RSVP for Bountiful officials and asked the Commissioners to let him know if they
43 would be going. He noted that John Cushing will be getting an award (as an appointed official), and
BCL&P will be recognized for the 138 Substation upgrade.

The annual Bountiful City Light and Power Christmas Party will be held December 13, 2020 at

1 6:00 p.m. and he warmly welcomed any commissioners +guest who could attend. Please RSVP Pat.
2 The Commissioners are also invited to attend the Intermountain Power Agency (IPA) Annual
3 Meeting on Tuesday, December 3, 2019. Please RSVP Allen if you will be able to attend.
4

5 *The following items were included in the packet, but not discussed in the meeting:*
6

7 **POWER SYSTEMS OPERATIONS REPORTS**
8

- 9 a. **September 2019 Resource Reports**
- 10
- 11 b. **October 2019 Lost Time Related Injuries/Safety Report**
- 12
- 13 c. **October 2019 Public Relations Report**
- 14
- 15 d. **October 2019 Outage Reports**
16

17
18 **OTHER BUSINESS**

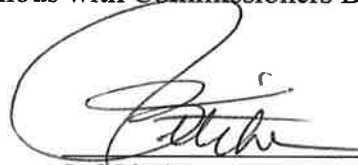
19 None.
20

21 **NEXT POWER COMMISSION**

22 The next meeting of the Power Commission will be on January 28, 2020 at 8:00 a.m.
23

24 **ADJOURN**

25 The meeting adjourned at 9:50 a.m. on a motion made and seconded by Commissioners
26 Summers and Becker, respectively. Voting was unanimous with Commissioners Becker, Irvine, Pitcher
27 and Summers voting "aye".
28



30
31 _____
32 Jed Pitcher, ACTING CHAIRMAN