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**MEETING OF THE  
BOUNTIFUL CITY POWER COMMISSION**  
May 22, 2018 - 8:00 a.m.

**Those in Attendance**

**Power Commission**

John Cushing, Chairman  
Susan Becker  
Dan Bell  
David Irvine  
Jed Pitcher  
Paul Summers

**Power Department**

Allen Johnson, Director  
Jay Christensen  
Jess Pearce  
Luke Veigel

**Recording Secretary**

Nancy Lawrence

**City Officials**

Gary Hill, City Manager  
Clint Drake, City Attorney

**Excused**

John Marc Knight, City Council Rep

**WELCOME**

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

**MINUTES – April 10, 2018**

Minutes of the Joint meeting of the Bountiful City Council and Bountiful City Power Commission held April 10, 2018 were presented and unanimously approved on a motion made by Commissioner Summers and seconded by Commissioner Pitcher. Commissioners Cushing, Becker, Bell, Irvine, Pitcher and Summers voted “aye”.

**BUDGET REPORT – YEAR-TO-DATE 10- MONTH PERIOD ENDING APRIL 30, 2018**

Mr. Christensen presented the Budget Report for the Fiscal Year-to-Date 10-month Period Ended 30 April, 2018. He reported that the year-to-date figures are final through March 2018; April 2018 is preliminary because it is missing data for interest income on investments, interest income on rate stabilization, bank and investment account fee expense, credit card merchant fee expense, and transfer to rate stabilization fund expense. These figures are not expected to materially affect the YTD net margin.

Total revenues YTD were \$26,604,904, above its HAB by \$170,082. Major items above or (below) HAB were: Electric Metered Sales was \$(371,534) below its HAB due to mild winter weather; Air Products income was \$232,106 or 12.6% above its HAB; and preliminary interest income on investments was above its HAB by \$124,475. Commissioners Irvine and Pitcher asked if the Contributions in Aid to Construction (above its HAB by \$44,971) were based on actual costs and Mr. Christensen verified that that City receives full recovery on projects performed by the City for other entities.

Total Operating Expenses YTD were \$20,960,300, below its HAB by \$1,964,444. Major

1 items included: Power Costs at \$881,403 below its HAB due to careful purchasing and  
2 scheduling of power resources, and mild winter weather; transmission at \$329,841 below its  
3 HAB because work has been postponed on budgeted projects; distribution at \$165,877 below its  
4 HAB due to budgeted work yet to be done; substation was temporarily above its HAB by  
5 \$(53,505) with the budgeted purchase of four 46KV breakers for the Southeast and Central  
6 substations; and total labor and benefits expense at \$143,871 below its HAB with lower overtime  
7 and newer employees.

8  
9 Total Capital Expenditures YTD were \$3,619,959, with major items being the  
10 unbudgeted (but approved) purchase of the Fisher property of \$519,065; and work in progress at  
11 the 138 KV substation of \$2,246,561.

12  
13 The net margin year-to-date was \$2,024,645, above its HAB by \$1,460,304. This was  
14 due largely to lower power costs, higher Air Products income, lower distribution expense, and  
15 lower labor and benefits expense. The preliminary net margin for the month was \$145,678.

16  
17 Mr. Christensen reviewed changes in the Balance Sheet and Cash Flow statements for the  
18 YTD period, following which Commissioner Becker made a motion to approve the Year to Date  
19 Budget Report for the 10-month Period Ending April 30, 2018. Commissioner Irvine seconded  
20 the motion which carried unanimously. Commissioners Cushing, Becker, Bell, Irvine, Pitcher  
21 and Summers voted "aye".

22  
23 **IPP ALTERNATIVE REPOWERING APPROVAL**

24 Mr. Johnson reviewed that the Intermountain Power Agency (IPA) is losing its California  
25 power purchasers in 2027 for all coal-generated electricity. However, the California entities are  
26 willing to continue as customers for natural gas-fired power. As a result of this circumstance, the  
27 Intermountain Power Project (IPP) will be converted from a coal facility to a natural gas facility.  
28 This led to a change of agreements and the City Council approved two of the necessary  
29 agreements, known as the Second Amendatory Power Sales Contract and the Fourth Amendment  
30 to the IPA Organization Agreement. Due to a change in the project size and design of the  
31 project, it is necessary to approve a revised alternative repowering agreement.

32  
33 Bountiful City is currently a part-owner of the IPP project and our share of the electrical  
34 power output has been used by the City as well as being laid off or reserved for possible future  
35 use. The existing plant was rated at 1,800 MWs with the City's share at 30 MW. The new gas  
36 fired plant is proposed to be built at 840 MW, so Bountiful will only see approximately 14 MW.  
37 The Excess Power contract provides that BCL&P can lay off the entire output to California with  
38 a one-year call back provision. The contracts have been reviewed by staff, the City Attorney and  
39 the City Manager, and it is staff recommendation that Resolution No. 2018-04 be approved and  
40 the Mayor authorized to sign for the Approval of Alternative Repowering for the IPP project.  
41 Mr. Johnson said that the 14 MW are needed to power the DC transmission line to get power to  
42 California. The reduction from 30 MW to 14 MW will leave the City short and other resources  
43 will need to be identified. Following a brief discussion, Commissioner Pitcher made a motion  
44 that the Power Commission recommend approval of Resolution No. 2018-04. Commissioner  
45 Bell seconded the motion and voting was unanimous in the affirmative. Commissioners  
46 Cushing, Becker, Bell, Irvine, Pitcher and Summers voted "aye".

1  
2 **IPP FIFTH AMENDMENT APPROVAL**

3 Mr. Johnson explained that the Intermountain Power Agency (IPA) is the entity that  
4 manages the Intermountain Power Project (IPP). In relationship to this fact, there are several  
5 items that the IPA staff and board would like to get updated to match the current needs or  
6 concerns for the project. Mr. Johnson reviewed a summary of those items (particularly related to  
7 authority and membership of the Board), as contained in Resolution No. 2018-05, noted that  
8 these housekeeping items have been approved by the IPA Board of Directors and have been  
9 reviewed by the City Attorney, Power Department Staff, and City Manager. These items are  
10 needed to keep the Organization Agreement up to date and to meet the legal needs for the  
11 project.

12  
13 It is recommended that the Power Commission approve Resolution No. 2008-05.  
14 Following a short discussion, Commissioner Summers made a motion that the Power  
15 Commission recommend approval of Resolution No. 2018-05 for the Approval of the Fifth  
16 Amendment to the IPA Organization Agreement. Commissioner Pitcher seconded the motion  
17 and voting was unanimous. Commissioners Cushing, Becker, Bell, Irvine, Pitcher and Summers  
18 voted "aye".

19  
20 **CFPP POWER SALES CONTRACT APPROVAL**

21 Mr. Johnson reviewed that BCL&P has been involved with UAMPS and NuScale for  
22 several years to develop a Carbon Free Power Project (CFPP). The CFPP is a small scale 600  
23 MW nuclear reactor that would be located in Idaho. The Department of Energy (DOE) has been  
24 a key partner in the development of the project and is currently paying 50 percent of the cost to  
25 develop the National Regulatory Commission license application. The UAMPS board has  
26 approved a Budget and Plan of Finance to limit the first year of the contract to \$6,000,000, or  
27 approximately \$100,000 to the City of Bountiful. This number could be increased if additional  
28 subscribers are found. The City would then have the option to stay with the project, change  
29 entitlement shares, or drop out of the project at that time.

30  
31 Resolution No. 2018-06 authorizes approval of the contracts for the carbon free project,  
32 which will cost the City approximately \$100,000 to continue with the project through April  
33 2019. Mr. Johnson reviewed the amount of the project that other cities (municipal power  
34 organizations) have signed for and noted that there could be a risk of not having enough partners  
35 for the project. He recommended that Bountiful commit to 5 MW and explained how this would  
36 fit into our overall resource plan.

37  
38 A lengthy discussion followed regarding the resource plan, including existing contracts  
39 and the possibility of adding solar, wind, and thermal. One element of concern is the uncertainty  
40 of natural gas costs and the impact that would have on existing resources, including the plant.  
41 Commissioner Pitcher made a motion to recommend that BCL&P commit to 5 MW in the CFPP  
42 and authorize the City to approve Resolution No. 2018-06 and the Power Sales Contract for the  
43 UAMPS Carbon Free Power Project. Commissioner Summers seconded the motion, noting that  
44 this is a good project and although it is difficult to predict future costs, past experience has  
45 demonstrated that everything we projected regarding resources years ago has doubled in cost.  
46 The motion carried unanimously with Commissioners Cushing, Becker, Bell, Irvine, Pitcher and

1 Summers voting "aye".  
2

3 **10 YEAR BUDGET AND CASH FLOW PROJECTION UPDATE**

4 Mr. Christensen reported that he had prepared a 10 Year Budget and Cash Flow  
5 Projection with four difference scenarios, using the following assumptions:

- 6 • Electric Metered Sales and Power Costs increase at 0.5% per year for the 10-year  
7 period;
- 8 • We are able to purchase power at the same rate starting in 2022;
- 9 • 5 MW of nuclear power in 2027;
- 10 • Personnel costs at a 6% increase per year;
- 11 • Maintenance costs at a 4% increase a year'
- 12 • Vehicles at a constant \$250,000 per year  
13

14 The first scenario shows the value to keep above the \$16 million threshold (required to maintain  
15 our current AA- bond rating). This scenario would require three rate increases, back to back,  
16 with a 4 percent in 2023, 11 percent in 2024, and 10 percent in 2025. The second scenario  
17 reflects no rate increases and would require eventual borrowing from the City to maintain  
18 department operations. The third scenario reflects what is needed to maintain an average  
19 positive net earnings. This would require a 4 percent rate increase in 2022, 5 percent rate  
20 increase in 2025, and 7 percent rate increase in 2027 and would leave a cash balance below \$16  
21 million. The fourth scenario reflects paying off the bond in 2021 and no rate increases, but with a  
22 reduced ending cash balance that would be unfavorable for bond ratings.  
23

24 A lengthy discussion followed, and it was the consensus of the group that it would be best  
25 to implement annual rate increases of 2 percent (defined as "steady as you go" by Commissioner  
26 Becker) in an effort to maintain the cash balance necessary for the AA- bond rating, as well as to  
27 continue with capital projects necessary to maintain the integrity of the system and to meet  
28 growth demands. Mr. Johnson noted that we will need to be aware of the rates charged by  
29 Rocky Mountain and to balance our needs with our capacity.  
30

31 Commissioner Irvine mentioned that it will be necessary to maintain good  
32 communication practices with residents of Bountiful to help them understand the benefits, goals  
33 and objectives of their power provider (BCL&P). Commissioner Summers suggested that a  
34 quarterly report be provided to residents and Commissioner Bell re-emphasized the necessity for  
35 positive public relations and communication. Mr. Hill noted that the administrative staff and  
36 City Council can assist with this function. Chairman Cushing congratulated the staff for the  
37 budget study/report and thanked Mr. Christensen, particularly, for the format that assists in  
38 identifying variables and their impact on ending cash.  
39

40 **138 KV PROJECT UPDATE**

41 Mr. Veigel reported that the 138 KV project will have a slight delay due to a "permitting  
42 snag" in driving the transformer through Tennessee. It should arrive here next week. Cache  
43 Valley has completed necessary work to install the transformer. In the meantime, the other  
44 transformer is functioning correctly and carrying the loads. Commissioner Bell asked what the  
45 estimated date of completion will be. Mr. Johnson said that once the transformer is on the pad, it  
46 will take 8 days to assemble, Cache Valley will hook it up, and it should be fully on line by the

1 3<sup>rd</sup> week of June. The Power Plant will be used until then to cover any excess requirements.  
2

3 **OSMOSE POLE REPAIR UPDATE**

4 Mr. Veigel reported that Osmose completed the pole repair project in five days and have  
5 retested the poles for strength.  
6

7 **SOLAR INSTALLATIONS UPDATE**

8 Mr. Christensen said that there has not been much change/activity in new solar customers  
9 in the past 30 days. He estimated that there are 200+ solar customers at this time.  
10

11 **POWER SYSTEMS OPERATIONS REPORTS**


12 The following items were included in the packet, but not discussed in the meeting:  
13

- 14 a. **February and March 2018 Resource Reports**  
15  
16 b. **March and April 2018 Lost Time Related Injuries/Safety Report**  
17  
18 c. **March and April 2018 Public Relations Report**  
19  
20 d. **March and April 2018 Outage Reports**  
21

22 **OTHER BUSINESS**

23 Chairman Cushing thanked the staff and Commissioners for their input and service. The  
24 next Power Commission meeting will be held June 26, 2018 at 8:00 a.m. .  
25

26 The meeting adjourned at 9:40 a.m. on a motion made by Commissioner Pitcher and  
27 seconded by Commissioner Becker. Voting was unanimous with Commissioners Becker, Bell,  
28 Cushing, Irvine, Pitcher and Summers voting "aye".  
29

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31 John Cushing, CHAIRMAN

