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**MINUTES OF THE MEETING
OF THE
BOUNTIFUL CITY POWER COMMISSION
June 27, 2023 - 8:00 a.m**

Those in Attendance

Power Commission

Susan Becker, Acting Chairman
Dan Bell, Commissioner
Richard Higginson, Councilman
David Irvine, Commissioner
John Marc Knight, Commissioner
Jed Pitcher, Commissioner

Power Department

Allen Johnson, Director
Alan Farnes
Dave Farnes
Tyrone Hansen
Jess Pearce
Luke Veigel

Excused

Paul C. Summers, Commissioner

Recording Secretary

Nancy T. Lawrence

Visitors

Mason Baker, UAMPS
Ron Mortensen, City Resident
Rich Walje, UAMPS

WELCOME

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

UAMPS CARBON FREE PROJECT PRESENTATION

Mr. Johnson introduced Mason Baker (General Manager of UAMPS) and Rich Walje, former CEO of Rocky Mountain Power, now working for UAMPS as Senior VP of Business Development for UAMPS and the Carbon Free Power Project. He expressed appreciation for their attendance and turned the time to Mr. Baker who explained that the goal of UAMPS is to get 80% of its subscription for the CFPP by the end of this year. If that goal is not met, participants will be reimbursed. He emphasized that there is a tremendous need for new resources and briefly described resource investigation being done by UAMPS:

Red Mesa Solar – 66 MW
Steel Solar (A) – 40 MW; scheduled fall of 2023
Steel Solar (B) – 40 MW; scheduled December 2023
Zions Battery Solar & Storage – 100 MW; study phase
Geothermal – 85 MW; study phase
Horse Butte Wind Repowering/Expansion – up to 112 MW; study phase
Natural Gas Plants – 153 MW; study phase
Sunnyside Waste Heat Coal – 51 MW; study phase

Mr. Walje reviewed that the CFPP (wholly owned LLC established by UAMPS) will deliver carbon free power via a 6 module plant with 462 MW_e total. Current participants

1 are a coalition of Western public power agencies and other participants will be investor
2 utilities, equity investors and utility customers. He reviewed that this project has an
3 economic project life of 40 years, with a 60-year design. NuScale's 50 MW_e design has
4 been certified by the Nuclear Regulatory Commission. The forecast for online power is
5 2029 (first module) with all modules on-line by November 2030.

6
7 Mr. Walje narrated a slide presentation which included the core technology of the
8 NuScale Power Module, the standard plant design, how spent fuel is stored and disposed of,
9 and licensing which has already started and will be required by US agencies through 2026.
10 He said that Doosan Enerbility (a South Korean sole source company) has commenced the
11 forging production process for the first module. Of interest, the first pours of molten steel
12 represent a significant breakthrough into the manufacturing phase for NuScale, Doosan, and
13 the SMR industry.

14
15 Of importance to BCL&P in making a decision on the CFPP is the proposed finance
16 plan. A Revised Budget Plan of Finance (Revised B&PF) projects Total Gross Acquisition
17 and Construction Costs through August 2026 at \$9,336,000. Total Project Costs (above) net
18 of Cost Sharing Funds is \$7,972,000. And the total Liability after commercial operation
19 date, net of IRA Benefits is \$5,126 M. UAMPS is hopeful of having all licensing in order
20 by November 2023 and 80% subscription by the end of 2023. He said that diligence
21 activities are currently taking place to acquire subscribers, including on-site tours, looking
22 for capital investors and meeting with other utilities.

23
24 Discussion followed as Mr. Walje entertained questions from the Power
25 Commission, including the possibility of partnering with Rocky Mountain Power, additional
26 funding from the DOE, private investment groups, and support from the State of Utah
27 (inasmuch as this project is located in Idaho). Mr. Walje noted that a major consideration is
28 the fact that UAMPS needs to have at least 51 percent governance. The current cost of this
29 resource is \$89/MW (2022 dollars), and a projected 110-115 delivered cost.

30
31 **MINUTES. May 23, 2023**

32 Minutes of the regular meeting of the Bountiful Power Commission held May 23,
33 2023, were presented, and unanimously approved as written on a motion made by
34 Councilman Higginson and seconded by Commissioner Pitcher. Commissioners Becker,
35 Bell, Knight, and Pitcher and Councilman Higginson voted "aye". Commissioner Irvine had
36 briefly stepped out of the meeting and did not vote.

37
38 **BUDGET REPORT – YEAR TO DATE 10-MONTH PERIOD**

39 Mr. Hansen presented a summarized Budget Report for the Fiscal Year-to-date 10-
40 Month period ending April 30, 2023. Total **Revenues** YTD were \$26,366,590, above its
41 HAB by \$2,005,846. Major items above budget were: Electric Metered Sales, at
42 \$1,408,330, above budget by 6.5%; Air Products income, at \$262,517, above budget with an
43 average load factor of 70.6% for the YTD period, compared to 57.6% for this time last year;
44 Contribution in Aid to Construction at \$95,594, above its HAB as a result of \$48,000 for the
45 MRI at Renaissance, and \$180,000 for the Renaissance Town Center; and Interest Income
46 on Investments at \$229,678, with April interest allocation of \$47,000.

1
2 Total Operating Expenses YTD were \$28,238,072, above the HAB by (\$6,572,721).
3 Major items (above) budget included Power Costs Expense at (\$7,627,229), above its HAB
4 by Power Generation at (\$3.9M) and Power Resources at (\$3.7M) over; Insurance Expense
5 at (\$45,221); and the Transfer to the General Fund Expense at (\$38,950). Major items
6 below budget were: Distribution Expense at \$343,035; Transformers Expense at \$140,710;
7 and Meter Expense at \$114,232.

8
9 Total Capital Expenditures YTD were \$719,770 and included: \$432,000 for Feeder
10 574; \$135,000 for Feeder 576; \$49,000 for Renaissance; \$35,000 for the Renaissance MRI;
11 \$17,000 for the Main Street MRI; and \$23,000 for a truck body deposit.

12
13 Labor and Benefits Expense YTD (included in Operating Expenses YTD and Capital
14 Expenditures YTD presented above) was \$3,748,363. As of 15 April 2023, 79.2% or
15 \$4,252,054 of the total Labor and Benefits budget could have been spent; the actual TL&B
16 was \$503,691 below that target.

17
18 The Net Margin YTD was (\$2,591,252), as above-budget revenues and many below-
19 budget operating expenses weren't enough to overcome the high power costs. The total
20 Cash and Cash Equivalents were at a net \$16,685,413 at month end, down \$3,709,500 from
21 \$20,394,914 at 30 June 2022 and *\$1,577,413 above the \$15,108,000 total reserved cash*
22 *requirement.*

23
24 A discussion followed regarding how the new power rates will impact the financial
25 position of BCLP. Mr. Johnson said that we will not be losing money when customers are
26 billed at the new rate, but we will not have the ability to repay the reserves that have been
27 used to cover the current shortfall. Commissioner Becker expressed concern that we need to
28 meet the reserve requirement for bonding purposes. Mr. Johnson explained that if we fall
29 below the required 180-day cash operating reserve requirements, we would need to submit a
30 3-year plan to show how we would build the reserve requirement back up. It was the
31 consensus of the group that the bonding reserve requirement is critical and must be
32 maintained. Commissioner Irvine noted that he would like the Commission to continue
33 discussion of this matter in the future. Commissioner Bell made a motion to accept the
34 Budget Report, as presented. Commissioner Pitcher seconded the motion and voting was
35 unanimous. Commissioners Becker, Bell, Irvine, Knight, and Pitcher, and Councilman
36 Higginson voted "aye".

37
38 **TRANSFORMER PURCHASE APPROVAL**

39 Mr. Pearce presented a request for approval to purchase transformers. He noted that
40 transformers continue to be hard to purchase and their lead times are a factor in keeping an
41 adequate inventory. Invitations to bid were sent to two major suppliers. It is the
42 recommendation of staff to award the bid to Anixter Power Solutions in the amount of
43 \$70,625.00 for 5 (ea.) 75 KVA 1-phase transformers and 10 (ea.) 100 kVA 1-phase
44 transformers. Although this was the high bid, the transformers are in stock and the lead time
45 on the bid from Stuart C. Irby Company (in the amount of \$65,600.00) was 72 weeks.
46 Commissioner Knight motioned to support the recommendation of staff and to recommend

1 approval of the bid from Anixter Power Solutions – Ermco in the amount of \$70,625.00.
2 Councilman Higginson seconded the motion which carried unanimously with
3 Commissioners Becker, Bell, Irvine, Knight, and Pitcher, and Councilman Higginson voting
4 “aye”.

5
6 **OZONE NONATTAINMENT POWER PLANT**

7 Mr. Farnes reported that we have received a notice from the Department of
8 Environmental Quality (Division of Air Quality) concerning the “Serious Ozone
9 Nonattainment Area Designation”. We need to determine if we should lower our potential
10 to emit or go through a RACT determination. He reviewed background information
11 regarding EPA designated nonattainment zones, which commenced in August 2018 for the
12 Northern Wasatch Front (which included Salt Lake, Davis, Weber, and Tooele counties).
13 Originally identified with a “marginal” classification, the requirements have been changed
14 to “moderate” and will be reclassified to “serious” in February of 2025. This new
15 classification will trigger new control strategy requirements for major sources in the
16 Northern Wasatch Front NAA. Discussion followed on our past and present use of the
17 Plant.

18
19 It will be the task of BCL&P to determine if we want to stay at our current emissions
20 level (and then be subject to meet Reasonably Available Control Technologies (RACT)) or
21 lower the potential to emit from our plant. If we choose to lower the potential emissions, a
22 NOI application to the Division of Air Quality must be submitted to the DAQ by July 31,
23 2023. If we choose to go forward with current emissions, a RACT analysis must be
24 submitted to the DAQ by January 2, 2024. Mr. Johnson referred to a website with additional
25 information regarding major source requirements and timelines for this matter.
26 [https://deq.utah.gov/air-quality-moderate-area-ozone-state-implementation-plan-si-](https://deq.utah.gov/air-quality-moderate-area-ozone-state-implementation-plan-si-development)
27 [development](https://deq.utah.gov/air-quality-moderate-area-ozone-state-implementation-plan-si-development). He also noted that Ana Williams at (385) 306-6505 has been designated to
28 answer questions. No action was taken; this was presented for informational/discussion
29 purposes only.

30
31 **RESOURCE UPDATE**

32 Mr. Johnson commented that much of the Resource information has already been
33 presented via the UAMPS Carbon Free Project presentation. Of major concern at this point
34 is the subscription rate for the CFP project. Currently, the projected cost of this resource is
35 \$89/MW plus a 2 percent inflation factor, bringing the total cost to \$125/MW. He reviewed
36 the cost of our other resources and the factors that impact their availability. Based on the
37 fact that we could re-commit to the CFPP, without taking a financial risk, Commissioner
38 Irvine made a motion to re-commit to that project on the basis that we can withdraw without
39 financial penalty. Commissioner Pitcher seconded the motion.

40
41 Prior to voting, Mr. Johnson clarified that CFPP has not yet created a contract and he
42 suggested that a “recommendation to look again at this project” would be more appropriate.
43 Commissioner Irvine withdrew the motion and Commissioner Pitcher withdrew the second.
44 Commissioner Knight stated that not a lot has changed – the CFPP is still lacking
45 subscriptions; the price of the resource has gone up; however, our need for a base resource
46 seems more pressing. For that reason, he would support looking again at this resource.

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

POWER SYSTEMS OPERATIONS REPORT

- a. April 2023 Resource Reports
- b. May 2023 Lost Time/Safety Reports
- c. May 2023 Public Relation Reports
- d. April 2023 Outage Reports

OTHER BUSINESS

Acting Chairwoman Becker requested that Mr. Johnson give “our best wishes” to Chairman Summers on behalf of the group.

NEXT POWER COMMISSION

The next meeting of the Power Commission will be held on August 22, 2023, at 8:00 a.m.

ADJOURN

The meeting adjourned at 10:02 a.m. on a motion by Commissioner Pitcher and seconded by Commissioner Bell. Voting was unanimous with Commissioners Becker, Bell, Irvine, Knight, and Pitcher, and Councilman Higginson voting “aye”.


Susan Becker, ACTING CHAIRMAN

