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**MINUTES OF THE MEETING OF THE
THE BOUNTIFUL CITY POWER COMMISSION
February 21, 2023 - 8:00 a.m.**

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Those in Attendance

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Power Commission

Paul C. Summers, Chairman
Susan Becker
Dan Bell
Richard Higginson, CC Rep
David Irvine
Jed Pitcher

Power Department

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

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Excused

John Marc Knight, Commissioner

Recording Secretary

Nancy T. Lawrence

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WELCOME

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

MINUTES, January 24 , 2023

Minutes of the regular meeting of the Bountiful Power Commission held January 24, 2023, were presented, and unanimously approved as written on a motion made by Commissioner Becker and seconded by Councilman Higginson. Commissioners Becker, Bell, Irvine, Pitcher and Summers and Councilman Higginson voted “aye”.

BUDGET REPORT – YEAR TO DATE 6-MONTH PERIOD

Mr. Hansen presented a summarized Budget Report for the Fiscal Year-to-date 6-Month period ending December 31, 2022. Total **Revenues** YTD were \$16,835,813, above its HAB by \$1,262,997. Major items above budget were: Electric Metered Sales, above its HAB by 6.0%; Air Products, with an average load factor of 77.1% -- compared to 60.3% for this time last year; Contribution in aid to Construction was above its HAB by \$141,858; Interest Income on Investments was above its HAB by \$87,407—the December allocation was \$37,000.

Total **operating expenses** YTD were \$16,934,016, above its HAB by (\$3,325,486). Major items (above) their HABS were: Power Costs, (above) their HABs by \$(3,991,036), which included power generation and power resources; Insurance Expense was (above) budget by \$(45,876); and the transfer to the General Fund was (above) budget by \$(20,398) due to higher EMS.

Major Operating Expenses below the HABs included Distribution Expense, below by \$213,316; Transformers Expense, below by \$109,113; Meters Expense, below by \$69,019; and Computer Expense, below by \$53,853; and Street Light Expense—below by \$165,613.

1 Total **Capital Expenditures** were \$693,751 and included: \$432,000 for Feeder 574,
2 \$135,000 for Feeder 576, \$49,000 for Renaissance, \$35,000 for the Renaissance MRI, and
3 \$17,000 for the Main Street MRI.

4
5 Total **Labor & Benefits** YTD expenses was \$2,286,704. As of 17 December 2022,
6 48.5% or \$2,604,199 of the total Labor and Benefits Expense budget could have spent; the
7 actual TL&B was \$317,495 below that target.

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9 The **Net Margin** for the YTD was \$(791,954), as above-budget revenues plus many
10 low operating expenses aren't enough to overcome the high-power costs.

11
12 Total **Cash and cash equivalents** were a net \$19,303,655 at month end, down
13 (\$1,0911,258) from \$20,394,914 at 30 June 2022 and \$4,195,655 above the \$15,108,000
14 total reserved cash requirement. Major sources and (uses) of cash at month end compared to
15 fiscal year-end 2022 included: (\$791,954) net margin YTD; \$356,118 decrease in total
16 Accounts Receivable; \$(221,537) increase in total Inventories; \$381,537 increase in total
17 Accounts Payable; and \$(245,271) decrease in Accrued Benefits and Payroll.

18
19 Discussion followed regarding the negative financial position of the budget and
20 focused on projected end-of-year numbers. In response to questions from the group, Mr.
21 Hansen said that at the end of the fiscal year, we could be at least \$4 million below the
22 projected budget. We currently have approximately \$19.3 million in reserves; minus the
23 projected end of year shortfall, this would put us below the \$15.1 million threshold
24 requirement. This projection led to a discussion regarding a rate increase of 10 to 15
25 percent, dependent on our resource costs. Following the discussion, Commissioner Pitcher
26 motioned to accept the Budget Report, as presented. Commissioner Bell seconded the
27 motion and voting was unanimous with Commissioners Becker, Bell, Irvine, Pitcher and
28 Summers and Councilman Higginson voting "aye".

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30 **CAB AND CHASSIS PURCHASE**

31 Mr. Pearce presented a request to purchase a Model 2023 diesel crew cab and
32 chassis to be used for a Line Crew service truck. This service truck will be used to replace a
33 2012 crew service truck. Bids were requested from two vendors which have a state bid
34 contract--Salt Lake Valley Chrysler Dodge Jeep Ram, and Larry H. Miller Ford. Larry
35 Miller Ford did not submit a bid. (The individual responsible for bidding was in the hospital
36 with Covid). It is the recommendation of staff to accept the bid from Salt Lake Valley
37 Chrysler Dodge Jeep Ram in the amount of \$74,667 (a 2023 Dodge 5500, 4x4, diesel, crew
38 cab, cab and chassis). Commissioner Pitcher motioned to support this recommendation and
39 recommend this purchase to the City Council. Councilman Higginson seconded the motion
40 which carried unanimously with Commissioners Becker, Bell, Irvine, Pitcher and Summers,
41 and Councilman Higginson voting "aye".

42
43 **SERVICE BODY PURCHASE**

44 Mr. Pearce presented a request to purchase a new service body to be used with
45 the cab and chassis approved above. Mountain States Industrial Service has in stock a
46 Dakota service body that was being built for BCL&P last year. The body was canceled due

1 to extremely high surcharges from the original bid price. However, this body meets all
2 BCL&P specs and is available for purchase. To hold the service body until a cab and
3 chassis can be purchased, Mountain States would like a \$23,000 deposit (basically 50
4 percent of the total price of \$46,238.00). Staff recommends approval for the purchase of the
5 new Dakota service body from Mountain States Industrial Service, with a total price of
6 \$46,238. The \$23,000 deposit will be taken from the FY 2022-23 budget out of the Capital
7 Vehicles account. Commissioner Becker made a motion to support the staff
8 recommendation, Commissioner Irvine seconded the motion and voting was unanimous.
9 Commissioners Becker, Bell, Irvine, Pitcher and Summers and Councilman Higginson voted
10 “aye”. Mr. Pearce noted that the timeframe for acquiring big trucks is out five years and it
11 will be prudent for future purchasing options to be considered in that way.
12

13 RESOURCE UPDATE

14 Mr. Johnson reviewed several graphs and charts related to **UAMPS** resource billing,
15 noting that unplanned pool purchases have contributed to increased power costs. He also
16 pointed out that the decreased availability of **CRSP** power has been a significant factor in
17 acquiring needed resources. He reviewed that CRSP established a 2-year emergency order
18 in December 2021 to lower power production, along with an increased price. Because of the
19 drought, CRSP has recognized that there is a 1% chance of reaching dead pool this summer
20 and it is projected to be below minimum pool elevation at a 20% probability in 28 of the
21 forward 60 months.
22

23 **Solar** resources have also met some setbacks. Red Mesa Solar is scheduled to begin
24 delivering power on March 15, 2023; however, the test energy has been delayed a couple of
25 weeks. The Steel project will be delayed because they cannot get their panels delivered
26 through customs due to inappropriate labor resources.
27

28 **IPP** re-powering is still scheduled to be online June 2025; however, coal delivery
29 continues to be a problem. The Lila coal mine fire is also a major contributor to the coal
30 shortage. Getting coal from Wyoming is an option that is being explored, but there are
31 delivery issues there as well. Other power options include an additional 15 MW of natural
32 gas in a bigger plant and improved battery storage for solar power.
33

34 The Carbon Free Power Project is still available; however, subscription is an issue.
35 We have signed a non-disclosure agreement for this project with a current off-ramp through
36 February.
37

38 Discussion followed on upcoming rate changes, and it was noted that Bountiful will
39 need to have a rate increase; however, it has not been fully evaluated as to the timing and
40 amount. The estimated budget for the next fiscal year would require an increase of at least
41 10 percent. The Commissioners expressed support of an increase that would support both
42 the current budget and future reserves.
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46 *The following items were included in the packet, but not discussed in the meeting:*

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POWER SYSTEMS OPERATIONS REPORT

- a. December Resource Reports
- b. January 2023 Lost Time/Safety Reports
- c. January 2023 Public Relation Reports
- d. December 2022 Outage Reports

OTHER BUSINESS

Mr. Johnson reviewed that there are approximately 16 security lights in the City which are on private property. In the past, BCL&P has assumed responsibility to maintain these lights, which can be a major liability due to damage to patio's, landscaping issues, and multiple failures on the line. He noted that it costs approximately \$6-10,000 to bore a new line, which cost the City has been absorbing. Options for dealing with this expense would be for the City to continue providing maintenance; or sending a letter to give the lights to the property owners; or sending a letter to move the wire liability to the owners. Several suggestions were discussed, and it was noted that this matter should be given additional consideration.

NEXT POWER COMMISSION

The next meeting of the Power Commission will be held on March 28, 2023, at 8:00 a.m.

ADJOURN

The meeting adjourned at 9:40 a.m. on a motion by Commissioner Becker and seconded by Commissioner Bell. Voting was unanimous with Commissioners Becker, Bell, Irvine, Pitcher, and Summers and Councilman Higginson voting "aye".


Paul C. Summers, CHAIRMAN