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**MINUTES OF THE REGULAR MEETING OF THE
THE BOUNTIFUL CITY POWER COMMISSION
August 24, 2021 - 8:00 a.m.**

Those in Attendance

Power Commission

Jed Pitcher, Chairman
Susan Becker
Dan Bell
Richard Higginson, City Council Rep.
David Irvine
John Marc Knight
Paul Summers

Power Department

Allen Johnson, Director
Jay Christensen
Alan Farnes
David Farnes* (via Zoom)
Jess Pearce
Luke Veigel

Recording Secretary

Nancy Lawrence

*Zoom, Meeting #845 0846 8854, in conformance with COVID-19 guidelines and restrictions.

WELCOME

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

MINUTES –JUNE 29, 2021

Minutes of the regular meeting of the Bountiful Power Commission held June 29, 2021 were presented and unanimously approved as written on a motion made by Commissioner Summers and seconded by Commissioner Bell. Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers, and Councilman Higginson voted “aye”.

BUDGET REPORT – YEAR-TO-DATE 12-MONTH PERIOD ENDED 30 JUNE 2021

Mr. Christensen presented the Budget Report for the Fiscal Year-to-date (YTD) 12-Month period ended 30 June 2021, noting that it is preliminary and does not reflect year-end adjustments. He said that the Electric Metered Sales (EMS) estimate (used only in the income statement) of \$604,029.70 has been removed from this budget report. Wind event costs have not been changed since the last report and we are waiting to hear from FEMA regarding the next step.

Total Revenues YTD were \$37,054,667 below its historically allocated budget (HAB) by \$(5,156,081). Major items above or (below) budget included: EMS was \$(88,000) or 0.4% below its HAB, which includes the removal of the EMS estimate at fiscal year-end; Air Products income was \$(332,826)s below its HAB with an average load factor of 51.7%; Use of Retained Earnings included the \$8,630,000 budgeted to pay off the 2010 Bond but was \$(4,762,235) below its HAB as there were no other budgeted uses of retained earnings; and Preliminary Interest Income on Investments was \$(49,805) below its HAB as it was missing June data and also reflected a lower average investment yield of 1.13% instead of

1 the 1.5% budgeted. Contribution in Aid to Construction was above its HAB by \$94,335 and
2 included eight major development projects.

3
4 Total Operating Expenses YTD were \$33,938,506, below its HAB by \$3,952,242.
5 Major items below or (above) their HABs included: Power Cost Expense was \$930,938
6 below its HAB due to careful purchasing and scheduling and selective use of the three
7 turbines; substation expense was \$157,999 below its HAB and Computer Expense was
8 \$113,479 below its HAB because some of their budgeted items were not done; Distribution
9 expense was \$74,240 below its HAB even though it included unbudgeted wind expenses;
10 Street Light expense was \$(38,481) above its HAB with needed extra work; 2010 Bond
11 Interest expense was \$73,955 below its HAB due to the early repayment of the Bond; and
12 Amortization of the San Juan Power Plant was \$1,212,235 below its HAB because the
13 Amortization Expense has not yet been booked.

14
15 Total Capital Expenditures YTD were \$1,239,018 (on a budget of \$4,320,000).
16 Major items, excluding labor, included: \$522,525 for feeder #575; \$255,430 for a new
17 double bucket truck; \$195,320 for a new EZ Hauler and trailer; \$50,423 for feeder #272;
18 \$37,424 for buildings & warehouse; \$32,129 for The Cottages on Main St.; \$24,991 for the
19 Renaissance Center; \$22,568 for the Stone Creek project; \$15,509 for 500 South Orchard;
20 and \$14,498 for the 400 North pump.

21
22 Total Labor and Benefits Expense YTD (included in Operating Expenses YTD and
23 Capital Expenditures listed above) was \$4,469,562. As of 30 June 2021, (the last pay period
24 in the YTD period), 100% or \$4,709,444 of the TL&B could have been spent and the actual
25 TL&B was \$239,882 below that target.

26
27 The Net Margin YTD was \$1,877,143 at month end as power costs, and many other
28 operating costs were below budget.

29
30 Total cash and cash equivalents, \$19,807,379, were down \$(6,758,090) from
31 \$26,565,468 on 30 June 2020, primarily with the repayment of the 2010 Bond.

32
33 Following a brief discussion, Commissioner Bell motioned to accept the Budget
34 Report, Councilman Higginson seconded the motion and voting was unanimous.
35 Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers, and Councilman
36 Higginson voted "aye".

37
38 **DIRECTIONAL BORING QUOTE APPROVAL**

39 Mr. Veigel reviewed that bids were received and approved by the City Council for
40 Black and McDonald to perform four (4) distribution and nine (9) street light projects in
41 February. In July several additional street light projects and Feeder 272 projects were
42 approved. All work has been completed. There are four new additional directional boring
43 projects that need to be done and Black and McDonald has provided a quote of \$89,790 to
44 complete this work. It is the recommendation of staff to approve this additional amount. He
45 referred to maps in the packet and described the additional projects, following which
46 Commissioner Becker motioned to recommend approval of the bid from Black and

1 McDonald in the amount of \$89,790 to the City Council. Commissioner Summers seconded
2 the motion and voting was unanimous with Commissioners Becker, Bell, Irvine, Knight,
3 Pitcher and Summers, and Councilman Higginson voting “aye”.

4
5 **477 ACSR PURCHASE APPROVAL**

6 Mr. Veigel informed the Commission that we need to purchase 477 ACSR wire for
7 the 3100 South project. The wire is currently unavailable from most vendors, so it was bid
8 as a single source item. Anixter Power Solutions (Salt Lake City) submitted a bid in the
9 amount of \$30,917.00. It is the recommendation of staff to approve this bid. Commissioner
10 Summers made a motion to recommend to the City Council approval of the bid from Anixter
11 Power Solutions, as presented. Councilman Higginson seconded the motion and voting was
12 unanimous. Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers, and
13 Councilman Higginson voted “aye”.

14
15 **CONDUIT PURCHASE APPROVAL**

16 Mr. Pearce explained that the inventory of PVC conduit is running low and we need
17 to replenish it. The conduit purchase will be used mainly on Bountiful Boulevard for the
18 new road to connect to the “B”. Bids were requested and it is the recommendation of staff
19 to approve the low bid from Anixter Power Solutions in the amount of \$72,510.00. He
20 pointed out that in addition to a more timely delivery, the cost is substantially lower due to
21 timing of the purchase. This expenditure will be partially reimbursed by the developer when
22 homes are constructed. Following a brief discussion, Councilman Higginson made a motion
23 to recommend to the City Council approval of the purchase of PVC conduit from Anixter
24 Power Solutions, as presented. Commissioner Summers seconded the motion which carried
25 unanimously. Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers, and
26 Councilman Higginson voted “aye”.

27
28 Commissioner Summers took the opportunity at this time to express to Mr. Pearce
29 his appreciation (and that of the Rotary Club) for the exceptional support that BCL&P gave
30 to the Rotary Club for the recent “Coats for Kids” car show fund raiser. He said, “We could
31 never do this event without the support of the Power Department”.

32
33 **COVID UPDATE**

34 Mr. Pearce reported that about 70 percent of the Power Department employees have
35 been vaccinated. Additional masks and hand sanitizers have been ordered, though the masks
36 are no longer mandated. He explained that the City had given all employees an additional
37 80 hours of sick leave during the Covid “season”, but, as of June, 2021, the 80 hours were
38 taken away. Employees needing time off for Covid (whether they are sick or are caretaking
39 family) now must use the regular sick leave. Mr. Johnson said that he will continue to Zoom
40 the Power Commission meetings for anyone who wishes to not attend in person. Utah is
41 currently experiencing an average of 1,000 new cases per day.

42
43 **RESOURCE SOLAR RATE UPDATE/APPROVAL**

44 Mr. Johnson reported that San Juan is still scheduled to be shut down June 2022. The
45 Enchant Project will start power production in July 2022 (with a draft contract possibly
46 being ready by September 2021), with the carbon capture technology being delayed until

1 2025. Coal is still being used. Commissioner Irvine asked about a Bountiful group that is
2 exploring the possibility of going entirely green. There was a brief discussion regarding this
3 effort, and it was noted that Bountiful's goal is to be 40 percent carbon free, but the hydro
4 resources are not considered "green".

5 We are still working with UAMPS on an agreement with Kern River for the Muddy
6 Creek project (which will be considered "green"), the Red Mesa solar project is facing a
7 delay that could go until August 2022 which will require us to find another resource for July
8 2022, and the Steel solar project is currently on schedule. The IPP repowering is still
9 scheduled to be online in June 2025 and the target is to be able to run 30 percent hydrogen.
10 This resource would not be green and would not be cheaper. The downside to this project is
11 that California has mandated that by 2045 natural gas cannot be used for power generation.
12 We are also looking at 5 – 10 MW of the FERVO geothermal project which is in Utah and
13 could be available by summer of 2025. This would be a green dispatchable baseload
14 resource. We are currently working on the pricing.

15
16 Discussion followed on the CRSP resource and options which may be present –
17 either a rate increase and/or a smaller allocation of the resource. CRSP's anticipated Rate
18 Adjustment schedule is anticipated to be available November 1, 2021. If additional resource
19 is needed at that time, 4 MW could be supplied through IPP. We could also run the Plant,
20 for which we have firm gas, but we don't have gas purchased. There is also a concern about
21 the pressure on bringing additional gas into the plant in the winter. In the past, we have run
22 the small unit in the winter, but not the larger units. Basically, we cannot make any major
23 decisions until after the CRSP November 1, 2021 deadline.

24
25 Commissioner Pitcher asked if the City has considered a major campaign to reduce
26 electrical usage, similar to the current campaign to reduce water usage. Mr. Johnson noted
27 that this should be considered; however, he noted that our energy usage is down compared
28 to prior years, primarily due to more energy-efficient lights and fixtures/equipment. It was
29 noted that since CRSP power costs could increase as much as 50 percent, incentives should
30 be given for power conservation. Some feel that the solution is to increase the use of solar.
31 However, Mr. Johnson responded that our need for additional energy is at a time of day
32 when there is no solar generation. He reviewed that power purchases are billed on an hourly
33 time period and the hourly rate is market driven. It was also noted that a demand charge is
34 included with all power and includes plant generation. Power costs for June were \$400,000
35 above budget, not including the UAMPS pool costs that were over budget by \$2 million
36 dollars. UAMPS has not revealed how or if the pool costs will be allocated. We still do not
37 have information on July's power costs. He suggested that it could be very similar to June
38 and August, too, has been unseasonably warm.

39
40 Mr. Johnson reviewed the average cost of City solar purchases: Red Mesa Tapaha at
41 2.966 cents/kwh, and Steel Solar LLC at 3.145 cents/kwh. When delivery costs are factored
42 in, the average solar delivered cost is 3.87 cents/kwh. A brief discussion followed regarding
43 nuclear costs, including transmission and losses Commissioner Pitcher suggested that it
44 would be good for Mr. Johnson to meet with the City Council to review this critical matter.

1 **SOLAR UPDATE**

2 Mr. Christensen reviewed the Solar Customer Production & Usage Report, calling
3 attention to the total customers (194 residential Net Metering; 6 Commercial; and 42 Feed in
4 Tariff). He explained that this report is designed to show the net loss of revenue to the City
5 from solar customers, which is \$(193,535) average for the rolling year of August 2020
6 through July 2021. This is an average of \$(799.73) lost per customer. He noted that with
7 the Net Metering customers, they put a fair amount of load on the system because of the
8 transformer first delivering power to them and then their solar generation returning power to
9 us. The report also showed for Feed In Tariff customers the amount of power generated
10 during the three blocks of time: from 12 midnight to 12 noon was 31.8%; from 12 noon to 4
11 pm was 50.3%; and from 4 pm to midnight was 17.8% percent. Our peaking time is
12 between 4 pm and midnight when very little solar power is available, and resources are most
13 needed.

14
15 Mr. Johnson noted that in the last meeting it was anticipated that a staff
16 recommendation would be forthcoming at this time for a solar buy-back rate of less than 8
17 cents/kwh. Due to other issues and time constraints, the staff is not prepared to make a
18 recommendation at this time, other than go back to modified residential net metering with
19 buy back at a lower rate – lower than 8 cents/kwh. He said the average delivery cost of
20 purchasing solar on the market is between 4.5 and 5 cents/kwh and it would be a general
21 recommendation to offer our customers this rate. He requested that the Commissioners
22 share their thoughts and that the staff continue to study the matter. In response to a question
23 from the Commission, Mr. Johnson said his recommendation would be to offer feed-in
24 customers to move to the new Modified Net Metering rate if they choose, with the following
25 conditions: (1) pay for excess power produced at 4 to 5 cents; (2) pay the current rate for
26 power delivered from the utility; and (3) excess generation at the end of the year is not
27 refunded.

28
29 Chairman Pitcher suggested that this matter be tabled and that the staff be given an
30 additional month to firm up the language for proposed changes. It was noted that more
31 information could be available regarding CRSP by that time, also. No action was taken.

32
33 *The following items were included in the packet, but not discussed in the meeting:*

34
35 **POWER SYSTEMS OPERATIONS REPORT**

- 36 a. June 2021 Resource Reports
- 37 b. July 2021 Lost Time/Safety Reports (There was a brief discussion on this item).
- 38 c. July 2021 Public Relation Reports
- 39 d. July 2021 Outage Reports

40
41 **OTHER BUSINESS**

42 None.

43
44 **NEXT POWER COMMISSION**

45 The next meeting of the Power Commission will be held on September 28, 2021, at
46 8:00 a.m.

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ADJOURN

The meeting adjourned at 9:58 a.m. on a motion by Councilman Higginson and seconded by Commissioner Summers. Voting was unanimous with Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers, and Councilman Higginson voting “aye”.



Jed Pitcher, CHAIRMAN