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**MINUTES OF THE REGULAR MEETING OF THE  
BOUNTIFUL BOUNTIFUL CITY POWER COMMISSION  
June 23, 2020 - 8:00 a.m.**

**Those in Attendance**

**Power Commission**

Jed Pitcher, Chairman  
Susan Becker\*  
Dan Bell  
John Cushing  
Richard Higginson, City Council Rep.  
David Irvine\* (joined the meeting ~8:30 a.m.)  
Paul Summers

**Power Department**

Allen Johnson, Director  
Jay Christensen  
Alan Farnes\*  
David Farnes\*  
Jess Pearce\*  
Luke Veigel\*

**City Administration**

Tyson Beck, City Recorder

**Recording Secretary**

Nancy Lawrence\*

\*Attended electronically via Zoom, Meeting ID #925.3179.9849, in conformance with COVID-19 guidelines and restrictions.

**WELCOME**

Chairman Pitcher called the meeting to order at 8:05 a.m., took roll call, and welcomed those in attendance. Mr. Christensen offered the invocation.

**MINUTES – MAY 26, 2020**

Minutes of the Regular Meeting of the Bountiful Power Commission held May 26, 2020 were presented and Commissioner Cushing requested that a correction be made to show that he attended in person, not via Zoom. There was also clarification needed on page 4 of 5, line 18. Mr. Johnson suggested that these items be addressed, and approval of the minutes be delayed until the next regular meeting.

**BUDGET REPORT – YEAR-TO-DATE 11-MONTH PERIOD ENDED 31 MAY 2020**

Mr. Christensen presented the Budget Report for the Year-to-date 11 Month period ended May 31, 2020. He noted that July 2019 through April 2020 is final, and May 2020 is preliminary, though most line item YTD amounts will not change when they are final. The 2010 Bond's semi-annual interest payment of \$253,708.75 was made on May 1, 2020, and on April 21, 2020 the corresponding Federal interest expense subsidy of \$107,432.96 was received.

On June 16, 2020, the following amendments were made to the FY 2020 budget: Plant Equipment Repair Expense was increased by \$2,000,000 to cover the *previously unbudgeted but needed* repairs to the two Titan Solar Turbines; Echo Hydro Expense was increased by \$1,500,000 to cover the *previously unbudgeted but needed* repairs to all three hydro turbines; and Use of Retained Earnings Revenue was increased by \$3,500,000 to balance the FY 2020 budget. Mr. Christensen explained that no income was recorded in

1 BCLP's financial statements to offset the above expenses due to the State of Utah's  
2 Transparency reporting requirements that do not allow pseudo revenues to be used to  
3 balance the budget. Although BCLP had sufficient cash to pay for these repairs, they will  
4 still generate a loss for the FY2020 City's Consolidated Annual Financial Report. He  
5 explained that there is a bit of a "disconnect" between budget reporting and GAAP  
6 reporting: budget reporting allows for "pseudo income" such as Retained Earnings (i.e.,  
7 cash) to be used as an income source to offset approved expenses; but GAAP accounting  
8 does not allow the use of "pseudo income".  
9

10 Tyson Beck, City Finance Director, led a discussion on budget reporting versus  
11 GAAP reporting. He clarified that in GAAP reporting, a true revenue must be generated  
12 within the current subject year; excess revenues in the form of cash from previous years  
13 cannot be reported as revenue. Moving forward, we have two options: use pseudo revenue  
14 (Retained Earnings, i.e., cash) to balance the current income statement budget report; or  
15 leave the pseudo revenue out and the bottom line of the Income Statement reflect the true  
16 bottom line for that period. Following discussion, it was the consensus of the Power  
17 Commission to continue with using the "pseudo" revenue to balance the budget, as has been  
18 done in the past, with the logic that this is a better tool for management purposes. It was  
19 acknowledged that this method requires more adjusting entries at the end of the year. Mr.  
20 Christensen expressed appreciation to Mr. Beck for his support.  
21

22 Total revenues YTD were \$25,544,856. below its historically allocated budget  
23 (HAB) by \$(1,165,458). Major items (below) their HABs included electric metered sales  
24 (EMS), \$(767,933) or 3.3% below its HAB; Air Products, \$(329,350) below its HAB with  
25 an average load factor of 60.7%; and Contribution in Aid to Construction, \$(165,910) below  
26 its HAB. Major items above their HABs included preliminary Interest Income on  
27 Investments, \$79,247 above its HAB, and Federal Grants Miscellaneous, \$20,356, (a new  
28 general ledger line with no budget that shows BCLP's portion of the "Gun Range Fire"  
29 reimbursement received by the City).  
30

31 Total Year to Date Operating Expenses were \$25,848,758, above its HAB by  
32 \$2,744,269. Major items (above) or below budget included: power cost expense (including  
33 the now budgeted repairs to the power plant turbines and to the Echo hydro), \$2,317,914  
34 below its HAB with the lower EMS; street light expense, \$(133,015) above its HAB;  
35 transfer to the general fund expense, \$107,302 below its HAB with the lower EMS; meters  
36 expense, \$49,461 below its HAB; transformers expense, \$38,272 below its HAB; and  
37 SCADA expense, \$36,352 below its HAB.  
38

39 Total Capital Expenditures YTD were \$910,127 and included \$462,173 for the  
40 Downtown Plaza, and \$161,692 for the feeder #673 - #271 inter-tie.  
41

42 Total Labor and Benefits Expense YTD was \$3,928,405. As of May 16, 2020 (the  
43 last pay period in the YTD period), 87.9% or \$4,078,695 of the TL&B budget could have  
44 been spent; the actual TL&B was \$150,290 below that target.  
45

1 The Net Margin YTD was \$(1,214,029) due to the repairs to the power plant  
2 turbines, the repairs to the Echo hydro, and lower than budgeted revenues.  
3

4 Total cash and cash equivalents were a net \$25,296,869 at month end, down  
5 \$(750,334) from \$26,047,203 at 30 June 2019. Mr. Christensen noted that the major (uses)  
6 of cash at month end were: Net margin YTD, \$(1,214,029); an increase in Accounts  
7 Receivables of \$(36,931); and a decrease in net accounts payable of \$(434,772).  
8

9 Following a brief discussion, Commissioner Summers made a motion to accept the  
10 Budget Report as presented. Councilman Higginson seconded the motion which carried  
11 unanimously. Commissioners Pitcher, Becker, Bell, Cushing, Irvine, and Summers and  
12 Councilman Higginson voted "aye".  
13

#### 14 **DIRECTIONAL BORING UPDATE**

15 Mr. Veigel reviewed that Americom Tech, Inc. has been working on several boring  
16 conduit projects throughout the City. We would like to add three additional bore projects for  
17 them to complete while they are in the City. The additional projects include a distribution  
18 system bore with 1-3" conduit on 3100 South and Orchard Drive, and two additional  
19 streetlight bores for the burned up streetlights (one at 900 East 2050 South and one at 98  
20 East 2000 South, both with 1-2" conduits. (Maps are included in the packet). We requested  
21 a bid from Americom, and they responded with a bid price of \$60,270. This has been  
22 reviewed by and the Power Department Staff and City Manger and comes with their  
23 recommendation for approval. Following a brief discussion Councilman Higginson made a  
24 motion to accept the bid quote from Americom, as presented. Commissioner Irvine  
25 seconded the motion and voting was unanimous. Commissioners Pitcher, Becker, Bell,  
26 Cushing, Irvine, and Summers, and Councilman Higginson voted "aye".  
27

#### 28 **TREE TRIMMING TRUCK PURCHASE**

29 Mr. Pearce reported that the BCL&P 2020-21 budget includes the purchase of a new  
30 aerial lift tree trimming truck. This unit will replace a 2008 Ford 750 and is requested due to  
31 constant maintenance and mechanical issues with the older truck. A single bid was requested  
32 from Mountain States Industrial Services which can build the new unit under the State bid  
33 contract. The new unit will consist of a 2021 Freightliner M2-106 cab and chassis, a 65'  
34 working height Versalift aerial boom with a single man platform and an Arbor Tech  
35 Forestry chip body. The bid on this unit was \$195,480, which was \$10,000 under budget.  
36

37 Chairman Pitcher asked about the status of contract tree trimming and Mr. Pearce  
38 reported that there is one in-house 3-man tree trimming crew and two 3-man contract crews  
39 with Asplundh. He said that Asplundh has given excellent service and the current contract  
40 extends for one more year. With the three tree trimming crews, it takes about 3 to 3 ½ years  
41 to completely get through the whole city, plus do the "notes" or individual property requests  
42 where the tree growth comes back more quickly. Following discussion, Commissioner  
43 Summers made a motion to recommend approval of the tree trimming truck purchase from  
44 Mountain States Industrial Services in the amount of \$195,480, with a lead time of 180 –  
45 240 days. Councilman Higginson seconded the motion and voting was unanimous.

1 Commissioners Pitcher, Becker, Bell, Cushing, Irvine, and Summers, and Councilman  
2 Higginson voted “aye”.

3  
4 **COVID-19 DISCUSSION**

5 Mr. Pearce reported that the department has done well at keeping healthy and  
6 following COVID guidelines. Face masks are currently being worn (except for working  
7 crews who are outside and where the face masks fog protective eye-wear. He said the  
8 department is working on getting additional thermometers and are in a good situation for  
9 cleaning/disinfecting supplies and face masks.

10  
11 Chairman Pitcher asked what the impact on the accounts receivable from electric  
12 customers has been, and commercial and residential changes were discussed. Overall, the  
13 figures are better this month than last month. Commissioner Becker noted that another  
14 impact financially is from a decrease in sales tax.

15  
16 **ECHO PINEVIEW PROJECT UPDATE**

17 Alan Farnes reported that all three units at Echo are operational and running. The  
18 new runner has been shipped from China and should be here by next week. We will plan to  
19 install it this fall when the water is shut down.

20  
21 Pineview is running well and should be in good shape for the rest of the summer.

22  
23 **RESOURCE UPDATE**

24 Regarding the carbon-free power project, Mr. Johnson reported that we have been in  
25 executive sessions at least once a week for the past month and are at a point where we must  
26 make another decision. It is hoped that more information will be available (from executive  
27 sessions) next week. BCL&P initially signed up for 5 MW of power and it was supposed to  
28 be on line in 2027. The on-line date has been pushed to 2029 and at a cost (based on 2018  
29 dollars) of \$55 per MWH. We signed up later for the Jump program, based on the premise  
30 that the Department of Energy would be absorbing all capital costs and operate the project  
31 for the first 10 years. The Department of Energy has changed its plan of involvement and  
32 now wants to put money in, but ownership would be effective at the time the project  
33 becomes operational.

34  
35 Mr. Johnson reviewed the financing and subscription timetable and said that, based  
36 on current information, BCL&P would need to decide as to our involvement within the next  
37 60 to 90 days. At the present time, Mr. Johnson said he is concerned about whether the  
38 project is viable, based on current subscription commitments. He said he is hopeful of  
39 having concrete information in July and it would be helpful to meet with the Council  
40 regarding this project.

41  
42 Mr. Johnson reviewed that the Red Mesa solar project (25-year life span) is moving  
43 forward and we have signed up for 6 MW; and UAMPS is looking at another solar project in  
44 Tooele county that could be another resource for us. Although the sun is not as strong in  
45 this area, there would not be transmissions concerns that come with projects further away.  
46 This would also be a 25-year contract and at a cost of \$.031 per KWH. He suggested that

1 there could be a way of making this a high-load product. He asked for support from the  
2 Commission to sign up for another 5 MW of energy in this project.

3  
4 Discussion followed regarding the unusual scheduling or power due to Air Products  
5 being up and down, and record-breaking temperatures.

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

8  
9 **POWER SYSTEMS OPERATIONS REPORT**

- 10  
11 a. April Resource Report  
12  
13 b. May 2020 Lost Time/Safety Report  
14  
15 c. May 2020 Public Relations Report  
16  
17 d. May 2020 Outage Reports  
18

19  
20 **OTHER BUSINESS**

21 Mr. Johnson reported that the UAMPS meetings scheduled August 17 and 18 will be  
22 in Zoom format. Chairman Pitcher asked about other meetings previously scheduled and  
23 Mr. Johnson said that all meetings have been cancelled, except the annual IPP meeting in  
24 December and the UAMPS annual meeting. (And it was noted that they might still be  
25 cancelled).

26  
27 Commissioner Irvine reviewed that he has had communication with Bountiful  
28 citizens regarding the carbon free power project and he feels strongly that we need to have  
29 an effective public relations component in place to help the community understand the facts  
30 of this possible project. A brief discussion followed, and Mr. Johnson said he would get  
31 back to Commissioner Irvine regarding this concern. It was suggested that a public hearing  
32 could be held on an informal basis.

33  
34 **NEXT POWER COMMISSION**

35 The next meeting of the Power Commission meeting is scheduled for August 25,  
36 2020. Depending on conditions of the pandemic, Allen Johnson will confirm the format of  
37 the meeting.

38  
39 **ADJOURN**

40 The meeting adjourned at 9:17 a.m. on a motion made by Commissioner Cushing  
41 and seconded by Commissioner Summers. Voting was unanimous with Commissioners  
42 Pitcher, Becker, Bell, Cushing, Irvine and Summers, and Councilman Higginson voting  
43 "aye".

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Jed Pitcher, CHAIRMAN

