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**MINUTES OF THE REGULAR MEETING OF THE
BOUNTIFUL CITY POWER COMMISSION
January 26, 2021 - 8:00 a.m.**

Those in Attendance

Power Commission

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

Power Department

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

Excused

John Cushing, Power Commission

Recording Secretary

Nancy Lawrence

*Attended electronically via Zoom, Meeting #968 6839 3220 in conformance with COVID-19 guidelines and restrictions.

WELCOME

Chairman Pitcher called the meeting to order at 8:00 a.m., Allen Johnson took roll call, and Chairman Pitcher welcomed those in attendance. Mr. Christensen offered the invocation.

MINUTES –NOVEMBER 17, 2020

Minutes of the Regular Meeting of the Bountiful Power Commission held November 17, 2020 were presented. Commissioner Becker requested that the minutes be amended to reflect the intent of her statement regarding the approval by Box Elder County of the project. She shared that Box Elder County feels that the Steel Solar Project is a very favorable project for the County, so much so that the County has agreed to return a portion of the project's tax increment to Steel Solar for 20 years as an economic incentive in order to ensure that the project moves forward. Councilman Higginson made a motion to approve the minutes as amended. Commissioner Irvine seconded the motion and Commissioners Becker, Bell, Irvine, Pitcher and Summers, and Councilman Higginson voted "aye".

ELECTION OF CHAIRMAN AND VICE CHAIRMAN

Mr. Johnson reported that it is again time for the Power Commission to elect a Chairman and Vice Chairman and he opened the floor for nominations. Commissioner Irvine recommended that the currently serving Commissioners be re-appointed for another year. He motioned that Jed Pitcher be re-appointed as Chairman of the Power Commission and Paul Summers be re-appointed as Vice Chairman. These appointments were confirmed by acclamation and both men were congratulated on the outstanding service they have rendered this past year.

1 **BUDGET REPORT – YEAR-TO-DATE 5-MONTH PERIOD ENDED 30**
2 **NOVEMBER 2020**

3 Mr. Christensen reported that the Fiscal Year 2020 Budget Report is final and the
4 independent audit has been completed. The Fiscal Year-to-date (YTD) 2021 for July through
5 November is also final. He reviewed the changes made at the beginning of this fiscal year
6 that eliminated the use of estimates on the Income Statement for Air Products Income and
7 UAMPS power costs and reduced the estimate used for Electric Metered Sales. These
8 changes have resulted in improved accuracy of the financial statements and this budget
9 report, though this data is now reported the second month after they are earned or incurred.
10 This change is a ‘work in progress’ and further changes will be made as needed.

11
12 For the 2010 Bond, the \$720,000.00 annual principal payment and \$253,708.75
13 semi-annual interest payment were made on November 1, 2020, and the remaining balance
14 of \$8,630,000 was paid off on November 9, 2020. The corresponding Federal Interest
15 Expense subsidy of \$107,432.97 has also been received. With the payoff of the 2010 Bond,
16 the \$5,686,971.56 Rate Stabilization cash was moved to Cash & Investments (operating
17 cash), and the budget for interest earned on rate stabilization was included with interest
18 income on investments (operating cash). In response to a question from the group,
19 Councilman Higginson affirmed that the City currently has no debt but is committed to
20 purchase the Washington Elementary School property.

21
22 Total revenues YTD were \$21,933,442, above its historically allocated budget
23 (HAB) by \$511,748. Major items above or (below) their HABs included: Electric Metered
24 Sales, above by \$405,775; Street Light Income, above by \$25,370; Contribution in Aid to
25 Construction, above by \$52,099; and Interest Income on Investments, which now includes
26 interest income on rate stabilization, above by \$25,075.

27
28 Total operating expenses YTD were \$20,263,273, below its HAB by \$361,828.
29 Major items below their HABs included: Power Cost Expense, below by \$193,523; Street
30 Light expense, below by \$94,673; Computer Expense, below by \$51,853; and Transformer
31 Expense, below by \$35,505. Major items above their HABs included: Distribution Expense,
32 above by \$(162,401) and included \$55,404 of unbudgeted September 2020 wind expense;
33 and Special Equipment, above by \$(17,188).

34
35 Total Capital Expenditures YTD were \$234,295 and included \$126,652 for feeder
36 #575; \$36,472 for Cottages on Main St.; \$26,371 for the Renaissance Center; \$21,136 for
37 500 South Orchard; and \$15,204 for the 400 North pump.

38
39 Total Labor and Benefits Expense YTD (included in Operating Expenses YTD and
40 Capital Expenditures listed above) was \$1,741,207. As of 14 November 2020, the last pay
41 period in the YTD period, 37.5% or \$1,767,654 of the TL&B could have been spent and the
42 actual TL&B was \$26,447 below that target.

43
44 The Net Margin YTD was \$1,435,874 with high EMS, low power costs, and low
45 capital expenditures. Mr. Christensen noted that this is expected to be reduced in future
46 months with true ups of windstorm costs.

1
2 Total cash and cash equivalents were \$18,790,871, down \$(7,774,598). Major
3 changes included: the \$1,435,874 net margin; a \$755,897 decrease in accounts receivables; a
4 \$(596,152) decrease in accounts payable; and a \$(9,350,000) decrease in long-term debt
5 with the payoff of the 2010 Bond.
6

7 Commissioner Pitcher asked about the total expense as a result of the bad wind in
8 September. Mr. Christensen said it was around \$750,000, a part of which will be
9 reimbursed by FEMA. Commissioner Pitcher also asked whether or not the City received
10 anything from the Federal stimulus allocation. Mr. Johnson said that the City received an
11 allocation; however, none of it was for the Power Department. Councilman Higginson said
12 it was his understanding that the stimulus was restricted on its use and would be used to
13 offset police and fire department expenses. He noted that these funds are administered by
14 the County.
15

16 Commissioner Irvine motioned to accept the Budget Report, as presented.
17 Councilman Higginson seconded the motion and voting was unanimous. Commissioners
18 Becker, Bell, Pitcher and Summers and Councilman Higginson voted "aye".
19

20 **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) REVIEW**

21 Mr. Christensen presented the Comprehensive Annual Financial Report (CAFR) for
22 the Fiscal Year Ended June 30, 2020. This Independent Auditor's Report, performed by
23 Keddington and Christensen, CPA's, is for the entire City, with the Power Department being
24 a portion of the report. Of significance, Mr. Christensen pointed out that the auditors gave
25 the City's financial statements an 'unqualified' opinion, meaning that "...the financial
26 statements... present fairly, in all material respects, the respective financial position of the
27 governmental activities, the business-type activities, each major fund, and the aggregate
28 remaining fund information of Bountiful City, Utah as of June 30, 2020, and the respective
29 changes in financial position, and the respective budgetary comparison for the General Fund
30 and the Major Special Revenue Funds, and, where applicable, cash flows thereof for the year
31 then ended in conformity with accounting principles generally accepted in the United States
32 of America."
33

34 Mr. Christensen reviewed line items on pages 31-32, "Statement of Net Position –
35 Proprietary Funds" including cash, inventories, and the 2010 Bond. Commissioner Bell
36 asked what the Item "Intangible Asset – Power Projects" referred to. Mr. Johnson explained
37 that these assets are basically "rights of use" for transmission lines, the plant turbines, etc.
38

39 Continuing on pages 33-34, "Statement of Revenues, Expenditures, and Changes in
40 Net Position – Proprietary Funds", he reviewed line items for Charges for Services,
41 Personnel costs, Power Purchases and Generation costs, and Transfer Out which shows the
42 contribution to the General Fund from Electric Metered Sales. He noted that the Light and
43 Power department reflected a net Operating (Loss) of \$(2,513,560) which he explained was
44 the result of unanticipated / non-budgeted repairs and maintenance costs. In response to a
45 question from Commissioner Bell, he explained that these costs were not capitalized, but
46 considered major costs to maintain an asset.

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2 Mr. Christensen noted that power resources were discussed on page 51 and long-
3 term debt and the Electric Revenue Series 2010 Bonds were discussed on page 52. This
4 generated a question as to whether or not the citizenry has been informed of the early bond
5 pay-off. Mr. Christensen said there will be an entry in the City Newsletter for February
6 2021.

7
8 **ECI ENGINEERING APPROVAL**

9 Alan Farnes reviewed construction and upgrades to the Southeast Substation
10 (beginning in 1996-97) and stated that the Department is desirous of having an electronic set
11 of drawings that reflects the work and changes that have been made. It is the
12 recommendation of staff to use the services of ECI (the firm that has performed the
13 engineering services for the last three upgrades) to provide a set of drawings. ECI submitted
14 a proposal of \$76,000 to perform this work, with completion by the end of April.
15 Commissioner Summers noted that this work is critically needed, and he motioned for
16 approval. Commissioner Irvine seconded the motion and voting was unanimous.
17 Commissioners Becker, Bell, Pitcher and Summers and Councilman Higginson voted "aye."
18

19 **DECEMBER SOLAR INSTALLATIONS UPDATE**

20 Mr. Christensen reviewed the Solar Customer Production & Usage Report which
21 was included in the packet. He noted that the totals represent Lost Revenue to the City,
22 subdivided by customer type (Residential Net Metering, Commercial Net Metering, and
23 Commercial). Losses are the result of the customer providing their own solar generation, as
24 well as the rate structure. Currently, revenue is lost during the customer's solar generation
25 period and additional revenue is lost when the City pays customers for the excess generation
26 that is bought back. He said that the rate structure needs to be studied and adjusted for the
27 coming year. Solar customers increase the demand on our system, which also needs to be
28 considered when establishing rates. Total revenue lost for the calendar year 2020 was
29 \$184,072. There are currently 230 solar customers (195 residential net metering, 6
30 commercial net metering, and 29 residential feed-in tariff). Mr. Johnson noted that there has
31 recently been a bit of a new push on solar as the result of a federal tax benefit.
32

33 **COVID UPDATE**

34 Mr. Pearce reported that there have been five employees of the Power Department who
35 have contracted COVID. In each case, the employee and their crews were quarantined; three
36 of the employees are fully recovered and back to work and two are still in quarantine. All
37 employees practice social distancing and wear masks as much as possible; line crews, by
38 nature of their work and the dangers associated with masks are not always able to totally
39 comply with the recommended procedures. He explained that the scheduled outages which
40 are normally done are being handled with care in recognition of the fact that many customers
41 are now working from home and are dependent on electricity. He said that we have had no
42 major issues, and all cases have been mild. He also noted that rapid testing is available from
43 the Fire Department.
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1 **CALENDAR UPDATE**

2 Mr. Johnson advised that the Joint Power Commission/City Council meeting
3 scheduled for April 6, 2021 **has been rescheduled to April 13, 2021.**

4
5 **RESOURCE UPDATE**

6 Mr. Johnson narrated slides which showed Power Purchases through March 2027,
7 broken down by High and Low Load Hours, defined by KW and Price. A summary of those
8 purchases is:

9

10	Red Mesa	5,831 KW	June 2022 (25 years)
11	Steel Solar	6,459 KW	June 2023 (25 years)
12	San Juan	0 KW	June 2022 (will be replaced by Red Mesa)
13	Muddy Creek	5 MW	UAMPS Geothermal
14	Fermo Geothermal		
15	San Juan Solar &		
16	Batteries	5 MW	UAMPS
17	Natural Gas	Purchased at \$2.675 through 2026	
18	Enchant Coal Carbon Capture Project		

19

20 In response to a question from Chairman Pitcher, Mr. Johnson reported that the
21 NuScale project is still moving forward; however, he did not have details.

22
23 Mr. Johnson then shared a video which showed the true cost of wind/solar projects
24 after factoring in the costs associated with development and distribution of these resources.

25
26 *The following items were included in the packet, but not discussed in the meeting:*

27
28 **POWER SYSTEMS OPERATIONS REPORT**

- 29 a. October and November 2020 Resource Reports
30 b. December 2020 Lost Time/Safety Reports
31 c. December 2020 Public Relation Reports
32 d. October and November 2020 Outage Reports

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34 **OTHER BUSINESS**

35 Mr. Johnson reported that Commissioner Cushing has had personal health issues and
36 has asked to be released from his service on the Power Commission. He will be recognized
37 at the next meeting.

38
39 **NEXT POWER COMMISSION**

40 The next meeting of the Power Commission will be held on February 23, 2021 at
41 8:00 a.m.

42
43 **ADJOURN**

44 The meeting adjourned at 9:16 a.m. on a motion made by Councilman Higginson and
45 seconded by Commissioner Bell. Voting was unanimous with Commissioners
46 Becker, Bell, Irvine, Pitcher, and Summers, and Councilman Higginson voting "aye".

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Jed Pitcher, CHAIRMAN