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**MINUTES OF THE MEETING OF THE
THE BOUNTIFUL CITY POWER COMMISSION
May 24, 2022 - 8:00 a.m.**

Those in Attendance

Power Commission

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

Power Department

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

City Manager

Gary Hill

Recording Secretary

Nancy T. Lawrence

Excused

David Irvine

WELCOME

Chairman Summers called the Power Commission meeting to order at 8:00 a.m. and welcomed those in attendance. Dan Bell offered the invocation.

MINUTES – April 26, 2022

Minutes of the Joint Meeting of the Bountiful Power Commission and the City Council Power Budget Committee, held April 26, 2022, were presented, and unanimously approved as corrected on a motion made by Commissioner Pitcher and seconded by Commissioner Knight. Commissioners Becker, Bell, Knight Pitcher, Summers, and Councilman Higginson voted “aye”.

BUDGET REPORT – YEAR-TO-DATE 9-MONTH PERIOD ENDNG 31 MARCH 2022

Mr. Hansen presented the Budget Report for the Fiscal Year-to-date 9-Month period ended 31 March 2022, noting that it is final. Total **Revenues** YTD were \$21,801,402, below its HAB by \$(33,454). Major items above their HABs were Electric metered sales, above by \$106,814 at 0.6% above; Air Products above its HAB by \$10,914 with an average load factor of 58.0% compared to a load factor of 52.0% for this time last year; and Sundry Revenues at \$37,996, which was above its HAB with the collection of \$19,430 of various system damage billings in November and January which Dave Farnes has followed up on, and the sale of \$17,828 of scrap metal in January primarily from Feeder #575.

Revenues below its HAB were Contribution in Aid to Construction which was below its HAB by \$(144,516). This was the result of four projects which have not been completed. Interest Income on Investments was also below its HAB at \$(38,423) as the YTD interest yield of 0.98% was lower than the 1.0% budgeted.

1 Total **Operating Expenses** YTD were \$19,610,760, above its HAB by \$(111,686)
2 due to the following major items: power cost expense, above its HAB \$(990,094) with
3 strong Electric Metered Sales and high market prices over peak. Operating Expenses below
4 budget included Distribution Expense by \$308,484; Street Light Expense by \$40,369;
5 Substation Expense by \$101,443; Computer Expense by 85,294; and Meters Expense by
6 \$85,132.

7
8 Total **Capital Expenditures** YTD were \$1,042,956 and included: \$92,906 for
9 BCLP's share of the City's new car wash facilities; \$195,480 for a new tree trimming truck;
10 \$724,156 for Feeder #575; and \$18,894 for Feeder #272. He noted that Capital
11 Expenditures did not have much change from the previous month.

12
13 Total **Labor and Benefits Expense** YTD (included in Operating Expenses YTD and
14 Capital Expenditures listed above) was \$3,424,386. As of 19 March 2022 (the last pay
15 period paid in the YTD period), 71.8% or \$3,798,134 of the TL&B budget could have been
16 spent; the actual TL&B was \$373,749 below that target

17
18 The **Net Margin** YTD was \$1,147,686 as on-budget revenues plus many low
19 operating expenses were partially offset by high power costs. He noted that the net margin
20 was down \$94,000 since last month.

21
22 Total **cash and cash equivalents** were a net \$20,699,667 at month end, up \$892,289
23 from \$19,807,379 on 30 June 2021, and \$3,557,667 above the \$17,142,000 total reserved
24 cash requirement. A major use of cash at month end compared to fiscal year-end 2021 was
25 an increase of \$(311,209) in inventories (T&D inventory from \$1,952,502 to \$2,247,554);
26 and a decrease of \$(919,877) in total accounts payable. Following a brief discussion
27 regarding the stock market drop and the result on City investments, Commissioner Pitcher
28 motioned to accept the Budget Report. Commissioner Bell seconded the motion and voting
29 was unanimous. Commissioners Becker, Bell, Knight, Pitcher, and Summers. and
30 Councilman Higginson voted "aye".

31
32 In response to a question from Commissioner Pitcher, Mr. Johnson confirmed that
33 we still anticipate opening the budget at the end of the year due to several big expenses that
34 are coming up.

35
36 **MAY 9, DOWNED POWER LINE**

37 Mr. Pearce reviewed the details of the downed power line on May 9 which involved
38 the 46 kV transmission line that comes from the 138 substation and goes to the Northwest
39 substation. About 3:30 a.m. the SCADA system set off an alarm, indicating that a breaker
40 was open in the 138 substation and there was no power to the Northwest and Northeast
41 substations. The substation technician and a lineman were called, and a decision was made
42 to re-route power from the Central substation to the Northwest and Northeast substations
43 and power was fully restored within 9 minutes. However, the cause of the open breaker had
44 not yet been determined. Crew members who had responded split up to look for the problem
45 and they found a line on the ground in the vicinity of the Centerville MegaPlex theater, and
46 three broken insulators. A pole had caught on fire due to insulators being contaminated by a

1 windstorm the previous night and then a rainstorm caused the power to arc and the crossarm
2 caught on fire. This resulted in a sagging line which was hit by a train, snapped, and then hit
3 by a southbound semi-truck.
4

5 Mr. Pearce shared slides of the accident scene, including the train and freeway areas
6 and reviewed in detail the process of repairing the system. The train hit the wire
7 approximately 4:30 a.m. and all repairs had been made (except for pulling the wire across
8 the freeway) by 7 p.m. that evening. The next step was to obtain permits from UDOT, UHP,
9 UTA, Union Pacific, Centerville, Bountiful, West Bountiful, Woods Cross and North Salt
10 Lake to divert traffic off the freeway. Once the permits were issued, Friday afternoon, the
11 wire was pulled over the freeway on Saturday evening – 11:00 p.m. to approximately 3:00
12 a.m. Sunday. Monday morning (May 16) the crews did the switching and power was re-
13 routed to the normal pattern. (Because we have loop feeding, it was possible to minimize the
14 time customers were without power to the 9 minutes the previous Monday morning when
15 the incident occurred). Chairman Summers asked Mr. Pearce to express appreciation to the
16 crews for their outstanding professionalism and service. Mr. Johnson also noted the strong
17 support that was provided by the Street Department (who hauled poles), the Police
18 Department for traffic control. Commissioner Becker pointed out that the way the City
19 Departments work together speaks volumes.
20

21 **ENCHANT POWER SALES AGREEMENT**

22 Mr. Johnson reported that the group that wants to take over the San Juan project is
23 still working on negotiations. It appears that the closing on the project will not be until
24 October, and the Carbon Capture phase will be delayed until 2025. The contract approval
25 will come before the City after UAMPS meetings and there will be a 60-day period to
26 decide. The San Juan extension from FERC has been approved and power from San Juan
27 will be available to BCLP through the end of September 2022. However, the generation
28 from San Juan is being curtailed due to a lack of coal and this could negatively impact us.
29

30 It is anticipated that the decommissioning and reclamation phase of the San Juan
31 project will be \$130 million—UAMPS is short \$2.5 million and BCLP’s share of that (15
32 percent) is \$357,000, which must be paid by December.
33

34 **RESOURCE UPDATE**

35 Mr. Johnson reported that the Red Mesa Solar project (located on Navajo Nation
36 lands) will be delayed due to increased costs for materials; UAMPS is in contract
37 discussions regarding this matter. It was clarified that the group we are working with is a
38 utility, separate from the Navajo Nation. He said there are several major items that are in
39 place, including transmission, and that is a big plus. Once the increase in costs has been
40 determined, this matter will need to go through the City Council for approval again.
41

42 The Solar Steel project will be delayed until approximately June 2023 due to
43 availability of solar panels. This was the outcome when US customs shut down the solar
44 plants for alleged illegal labor conditions. However, this issue was clarified, and the solar
45 panels can now be delivered; however, this delay has resulted in increased costs.
46

1 As a re-cap, Mr. Johnson said we have no water, we cannot get coal, natural gas has
2 gone through the roof, and solar is delayed a year. In addition, the Enchant project has been
3 delayed a couple of months and the Steel project has been delayed. We are still in a position
4 of a “perfect storm” brewing. We are still working on an agreement with the Muddy Creek,
5 heat recovery project with Kern River. This project is approximately two years out. One
6 other project we are looking at is the FERVO Geothermal, with is approximately 2 ½ years
7 out. UAMPS is included in this project and there are significant issues yet to be resolved,
8 including transmission.

9
10 The IPP repowering is still scheduled to be online by June 2025. It is anticipated that
11 this project will be able to run 30 percent hydrogen; however, we will have the option to
12 stay with natural gas. The limiting factor for this project will be coal availability to run the
13 coalfired steam turbines from now until June 2025.

14
15 We are anticipating an IPP callback which will need to be determined as we see what
16 our other resources can provide. Commissioner Pitcher asked if the 3 percent rate increase
17 included in the upcoming year’s budget will be sufficient. Both Mr. Johnson and Mr. Hill
18 said they think it would be best to go with the already-approved 3% rate increase and then
19 address another increase, if needed, when it is deemed necessary. Commissioner Becker
20 said that she has a financial model for demand (costs) vs revenue that she would be happy to
21 use with BCLP projections if it would be helpful in identifying risk factors. Mr. Hill said
22 that the City has a similar model which has been used. Mr. Johnson said that the biggest risk
23 factor is power costs, which can change daily and over which we have no control. After a
24 brief discussion, it was determined that it would be best to continue with the current 3
25 percent rate increase and make adjustments as necessary for the future.

26
27 Mr. Johnson reported that Doug Hunter will be retiring from UAMPS in December
28 2022 and Mason Baker will be replacing him.

29
30 *The following items were included in the packet, but not discussed in the meeting:*

31
32 **POWER SYSTEMS OPERATIONS REPORT**

- 33 a. March 2022 Resource Reports
34 b. April 2022 Lost Time/Safety Reports
35 c. April 2022 Public Relation Reports
36 d. March 2022 Outage Reports

37
38 **OTHER BUSINESS**

39 None

40
41 **NEXT POWER COMMISSION**

42 The next meeting of the Power Commission will be held on June 28, 2022, at 8:00
43 a.m.

1 **ADJOURN**

2 The meeting adjourned at 9:30 a.m. on a motion by Commissioner Pitcher and
3 seconded by Commissioner Becker. Voting was unanimous with Commissioners Becker,
4 Bell, Knight, Pitcher, and Summers, and Councilman Higginson voting "aye".

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Paul Summers, CHAIRMAN

