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**MINUTES OF THE REGULAR MEETING OF THE
THE BOUNTIFUL CITY POWER COMMISSION
January 25, 2022 - 8:05 a.m.**

Those in Attendance

Power Commission

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

Power Department

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

Recording Secretary

Nancy Lawrence

WELCOME

Chairman Pitcher called the meeting to order at 8:05 a.m. and welcomed those in attendance. He acknowledged that the meeting was being broadcast via Zoom, Meeting ID: 819 3420 3453; Passcode: 054209. Mr. Christensen offered the invocation.

MINUTES – NOVEMBER 23, 2021

Minutes of the regular meeting of the Bountiful Power Commission held November 23, 2021, were presented, and unanimously approved as amended on a motion made by Councilman Higginson and seconded by Commissioner Becker. Commissioners Becker, Bell, Irvine, Pitcher and Summers, and Councilman Higginson voted “aye”.

ELECTION FOR CHAIRMAN – VICE CHAIRMAN

Mr. Johnson congratulated both Dan Bell and Jed Pitcher who were unanimously voted in for another 4-year term on the Power Commission beginning January 2022. He then stated that it was time to elect a new chairman and vice chairman for the Power Commission and he opened the floor for nominations, with a reminder that Commissioner Pitcher (current chairman) and Commissioner Summers (current vice-chairman) could be voted in to these positions. Commissioner Pitcher declined this nomination, and several other attempts were made to nominate new officers, but these motions failed for lack of action and withdrawal of the nominations. Commissioner Irvine made the recommendation to declare Commissioner Summers as chairman and Commissioner Becker as vice chairman by acclamation. Mr. Johnson recognized this as a substitute motion and Councilman Higginson seconded the motion. Commissioner Pitcher was recognized for his lengthy service on the Power Commission (30 years). The meeting continued under the direction and action of the newly elected Chairman, Paul Summers.

1 **BUDGET REPORT – YEAR-TO-DATE 5-MONTH PERIOD ENDNG 30**
2 **NOVEMBER, 2021**

3 Mr. Christensen presented the Budget Report for the Fiscal Year-to-date 5-Month
4 period ended 30 November 2021, noting that it is final. He reviewed that Bountiful City
5 Light and Power received a \$473,348 partial payment from the Federal Emergency
6 Management Agency (FEMA), based on a lot of documentation from of costs identified for
7 the September 8, 2020 high wind event. This amount did not include some labor and
8 equipment items that are still being reviewed, nor did it include the damage to the yellow
9 storage shed which has not yet been resolved.

10
11 Total **Revenues** YTD were \$13,005,309, above its historically allocated budget
12 (HAB) by \$176,649. Major items above their HABS included: Electric Metered Sales,
13 above its HAB by \$240,585 or 2.1%; Air Products, above its HAB with a n average load
14 factor of 61.6% (up from 60.3% for this time last year); and Street Light income, above its
15 HAB by \$14,608 because of billing delays in the July's of prior years. Contribution in Aid
16 to Construction was below its HAB by \$(84,203); and Interest Income was below its HAB
17 by \$(16,572) as the average interest yield at 0.84% was slightly lower than the 1.0%
18 budgeted.

19
20 Total **Operating Expenses** YTD were \$10,840,517, below its HAB by \$(62,265)
21 due to the following major items: power cost expense \$(233,592) was above its HAB with
22 strong Electric Metered Sales and high market prices over peak; Insurance Expense was
23 above its HAB by \$(43,403) due to a higher-than-normal annual payment. All other
24 expense accounts were below their HAB's, and Mr. Christensen noted that none of these
25 accounts were out of line with budget.

26
27 Total **Capital Expenditures** YTD were \$414,261, including \$92,906 for BCLP's
28 share of the City's new car wash facilities; \$195,480 for a new tree trimming truck;
29 \$106,981 for feeder #575; and \$18,894 for feeder #272.

30
31 Total **Labor and Benefits Expense** YTD (included in Operating Expenses YTD and
32 Capital Expenditures listed above) was \$1,771,898. As of 13 November 2021 (the last pay
33 period paid in the YTD period), 32.9% of \$1,739,604 of the TL&B could have been spent;
34 the actual TL&B was \$(32,295) slightly above that target.

35
36 The **Net Margin** YTD was \$1,750,531, as high EMS (including the conservative
37 EMS estimate) and many low operating expenses were partially offset by high power costs.
38 He noted that this margin is expected to decrease significantly with high power costs in
39 December and January and the completion of the feeder #575 project.

40
41 Total cash and cash equivalents were a net \$22,077,918 at month end, up \$2,270,539
42 from \$19,807,379 at 30 June 2021, and \$4,935,918 above the \$17,142,000 total reserved
43 cash requirement.

44
45 Following a brief discussion about operating costs, Mr. Johnson said that we are
46 doing our best to avoid/delay a rate increase and could delay capital expenditures to help

1 balance the budget to offset rising power costs. Commissioner Pitcher motioned to accept
2 the Budget Report, Councilman Higginson seconded the motion and voting was unanimous.
3 Commissioners Becker, Bell, Irvine, Pitcher, and Summers, and Councilman Higginson
4 voted “aye”.

5
6 **ECHO THRUST BEARING MODIFICATION**

7 Alan Farnes reported that last October, Integrated Power Services was hired to
8 remanufacture the thrust bearings for all three turbine generators at the Echo hydroelectric
9 power plant. While they were removing the thrust bearings, they identified some additional
10 maintenance work and quoted a cost of \$28,821.00 for this additional work. It is the staff
11 recommendation to approve the additional repair work quote from Integrated Power
12 Services. If approved, this will bring the total cost for the thrust bearing repairs at Echo to
13 \$290,689. Commissioner Pitcher made a motion to approve the \$28,821.00 quote,
14 Commissioner Becker seconded the motion and voting was unanimous. Commissioners
15 Becker, Bell, Irvine, Pitcher, and Summers, and Councilman Higginson voted “aye”.

16
17 **TRANSFORMER BID APPROVAL**

18 Mr. Pearce reviewed that transformers are beginning to be hard to purchase and their
19 lead times are becoming a factor in keeping an adequate inventory (in **March 2021**, there
20 was an 18-week delivery, and the cost was approximately 20% less). It was determined that
21 we needed to order 2 (ea) 300 KVA three phase transformers now to replace inventory that
22 we anticipate using to for system repair and maintenance in the next couple of months. Bid
23 requests were sent to three (3) major suppliers and one bid was received from Anixter Power
24 Solution – for Ermco transformers in the amount of \$32,900 with a 40–45-week delivery.
25 (He noted that there is as much as a 2-year lead time on some transformers and some
26 companies will not take an order because they are hesitant to quote a price based on the
27 volatility of the market).

28
29 Discussion followed regarding the supply chain problems associated with Covid, and
30 Mr. Pearce reviewed that our inventory was built up in anticipation of procurement issues.
31 Councilman Higginson thanked the staff for their forward-thinking approach in keeping
32 folks with electrical power in Bountiful. He then made a motion to approve the bid for 2
33 transformers from Anixter for the sum of \$32,900. Commissioner Pitcher seconded the
34 motion and voting was unanimous.

35
36 **COVID UPDATE**

37 Mr. Pearce reported that since our last Power Commission meeting, seven (7)
38 employees have either had Covid or been exposed to it, thus affecting their work status. No
39 one was extremely sick or hospitalized. Within the Department we are following
40 CDC/Davis County guidelines. We are allowing fully vaccinated exposed persons to come
41 to work. Persons who test positive are isolated for 5 days and then wear a mask for five
42 days when they come back to work. A short discussion followed regarding personal
43 experiences with Covid.

44
45 **RESOURCE UPDATE**

1 Mr. Johnson reported that in addition to CRSP resources being restricted and more
2 expensive, another major blow by the restriction of this resource is the loss of ability to
3 schedule power with very little patterning ability compared to what we have had in the past.
4 He suggested that Lake Powell will not recover for at least two years. He did note that Echo
5 and Pineview (smaller reservoirs) can come back sooner.

6
7 The Red Mesa solar project will be delayed due to Covid – they cannot get panels.
8 The STEEL solar project should be on line in December of this year. However, because
9 they are blending two projects, they are exploring the option of delaying six months.

10
11 At this point, Mr. Christensen reported that Bountiful has 246 solar customers, as of
12 the November report, and no hybrid net metering customers. The current report is basically
13 the same as our previous meeting. Mr. Pearce reported that there are 20 applications in
14 limbo who are asking for hybrid net metering. Most customers are going back to net
15 metering.

16
17 Mr. Johnson then reported that the San Juan project is scheduled to shut down June
18 30, 2022. The Enchant project is still a coal-fired project, taking over the San Juan resource
19 and using a grant from the Federal Government to do carbon capture. We have made a 15-
20 year agreement with them to get 10 Mw of power from them at 3.5 cents at the bus or 4.5
21 cents delivered. He then reviewed the basics of this agreement. If this project comes
22 through, it will make a positive impact on our resource package and our budget.

23
24 UAMPS is still working on the Muddy Creek project (reclaiming power from the
25 Kern River pipeline), but it is not moving very quickly. The IPP project has been adversely
26 affected by Senate Bill 2002. This created issues related to using coal and an attempt to
27 force Utah customers to purchase Utah gas vs Wyoming gas. Mr. Johnson discussed in
28 length the issues related to IPP and the fact that the loss of this resource could result in being
29 \$2 million over budget this year. This makes it quite likely that we will be looking at a rate
30 increase for the fiscal year beginning 01 July 2022.

31
32 **2022 CALENDAR**

33 Mr. Johnson brought attention to the 2022 Calendar Year Power Commission
34 meetings which had previously been approved and noted that the date for the joint meeting
35 of the City Council and Power Commission to discuss the budget has been changed to April
36 26, 2022, at 8:00 a.m. This meeting was previously scheduled for April 10, 2022.

37
38 *The following items were included in the packet, but not discussed in the meeting:*

39
40 **POWER SYSTEMS OPERATIONS REPORT**

- 41 a. October-November 2021 Resource Reports
- 42 b. December 2021 Lost Time/Safety Reports
- 43 c. December 2021 Public Relation Reports
- 44 d. November 2021 Outage Reports

