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**MINUTES OF THE MEETING
OF THE
BOUNTIFUL CITY POWER COMMISSION
August 22, 2023 - 8:00 a.m.**

Those in Attendance

Power Commission

Paul C. Summers, Chairman
Susan Becker, Commissioner
Dan Bell, Commissioner
Richard Higginson, Councilman
David Irvine, Commissioner
John Marc Knight, Commissioner
Jed Pitcher, Commissioner

Power Department

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

Recording Secretary

Nancy T. Lawrence

Visitors

Ron Mortensen, City Resident

WELCOME

Chairman Summers called the meeting to order at 8:00 a.m. and welcomed those in attendance. The invocation was offered by Councilman Higginson.

MINUTES. June 27, 2023

Minutes of the regular meeting of the Bountiful Power Commission held June 27, 2023, were presented, and unanimously approved as written on a motion made by Commissioner Becker and seconded by Commissioner Bell. Commissioners Bell, Becker, Irvine, Knight, and Summers, and Councilman Higginson voted "aye". Commissioner Pitcher was not in the room and did not vote.

BUDGET REPORT – YEAR TO DATE 12-MONTH PERIOD

Mr. Hansen presented a summarized Budget Report for the Fiscal Year-to-date 12-Month period ending June 30, 2023. He pointed out that the Budget Report for June was preliminary; a lot of year-end adjustments still need to be booked. Also, the Historically Allocated Budget matches the Budget in June. Total Revenues YTD were \$31,117,819, above its HAB by \$507,704. Major items above budget were: Electric Metered Sales, at \$1,265,071, above budget by 4.9%; Air Products income, at \$314,453, above budget with an average load factor of 70.1% for the YTD period, compared to 58.2% for this time last year; Contribution in Aid to Construction at \$74,957, above its HAB as a result of \$48,000 for the MRI at Renaissance, and \$180,000 for the Renaissance Town Center; and Interest Income on Investments at \$242,222. The June interest allocation hasn't been posted yet. Use of Retained Earnings \$(1,374,894) will be used to cover the cost of several capital projects not covered by the Contribution In-Aid to Construction.

1 Total Operating Expenses YTD were \$33,145,276, above the HAB by (\$5,439,661).
2 Major items (above) budget included Power Costs Expense at (\$7,869,546), above its HAB
3 by Power Generation at (\$3.8M) and Power Resources at (\$4.0M) over; Vehicle Expense
4 was over by \$(11,216); credit card merchant fees were above by \$11,616; Insurance
5 Expense was above by \$(45,221); Transfer to the General Fund--\$(66,507); and
6 Amortization of the Craig-Mona Line (which was not budgeted)--\$(83,872). Expenses
7 below budget included Distribution Expense -- \$403,166, Street Light Expense--\$143,140,
8 Substation Expense--\$102,659, Meters Expense--\$138,410, and Computer Expense--
9 \$115,220. It was noted that the Contribution to the General Fund was brought up to
10 actual—not projected.

11
12 Total Capital Expenditures YTD were \$775,104 and included \$441K for Feeder 574,
13 \$125K for Feeder 576, \$49K for Renaissance, \$35K for the Renaissance MRI, \$17K for the
14 Main Street MRI, \$23K truck body deposit and \$40K for Feeder 373/Stone Creek.

15
16 Labor and Benefits Expense YTD (included in Operating Expenses YTD and Capital
17 Expenditures YTD presented above) was \$4,740,968. As of 30 June 2023, 100% or
18 \$5,370,241 of the total Labor and Benefits budget could have been spent; the actual TL&B
19 was \$629,273 below that target.

20
21 The Net Margin YTD was (\$2,802,561), as above-budget revenues and many below-
22 budget operating expenses weren't enough to overcome the high power costs. The total
23 Cash and Cash Equivalents were at a net \$16,680,052 at month end, down \$3,714,862 from
24 \$20,394,914 at 30 June 2022 and *\$1,572,052 above the \$15,108,000 total reserved cash*
25 *requirement.*

26
27 Discussion followed regarding how the rate increase will affect the budget. The rate
28 increase will be effective in June. Commissioner Irvine referred to past discussion related to
29 the presentation which was made in the Seattle conference regarding cash flow. He asked if
30 Mr. Johnson and the BCL&P staff could walk the Commissioners through that presentation
31 in a future meeting. Mr. Johnson suggested that this could be included in the September
32 meeting. Commissioner Pitcher then made a motion to approve the presentation of the
33 Budget Report. Councilman Higginson seconded the motion and voting was unanimous.
34 Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers, and Councilman
35 Higginson voted “aye”.

36
37 **SOLAR FEED-IN-TARIFF RATE ADJUSTMENT**

38 Mr. Johnson reviewed that in the fiscal year 2018 there was an overall rate increase
39 and changes in rates, which included a “feed-in-tariff” rate for new solar customers. In
40 October 2021, another rate was approved (Hybrid Net Metering Solar Rate) which allows
41 customers to use their own power first, with the following conditions: Power generated and
42 used behind the Net meter remains the customers; Power generated by the customer and
43 purchased by the Utility will be at \$0.05/kwh; and Power purchased by the customer will be
44 at the current applicable residential or commercial rate.

45

1 Current Feed-in-Tariff customers can opt to change to the new format, if they desire.
2 Current Net Metering customers rates will be adjusted to match the new Hybrid Net Metered
3 in July 2030. At that time, all Net Metered customers will be on the same rate.
4

5 There are currently 43 Feed-in-Tariff customers on our system. Their rates have not
6 been adjusted during the past two rate adjustments. Because they are not able to use their
7 own Solar power before selling it to the City, we are proposing that their rates be changed
8 for the credit they receive, as follows (and would reflect the current approved residential
9 rates):

10 \$kWh credit 12 am – 12 pm from \$0.0400 to \$0.0520

11 \$kWh credit 12 pm – 4 pm from \$0.0600 to \$0.0786

12 \$kWh credit 4 pm – 12 am from \$0.0925 to \$0.1211
13

14 This change would be subject to City Council approval and would need to be adopted via a
15 Resolution.
16

17 Commissioner Bell asked if consideration has been given to also reimbursing these
18 customers retroactively for the difference in credit they received. Mr. Johnson said he
19 would be supportive of this reimbursement; however, he pointed out that only about 20
20 percent of their usage is during the time of day that solar is generated and not during peak
21 hours. Following discussion, Commissioner Irvine made a motion to support the Staff
22 recommendation to change the rates for the credit the Feed-in-Tariff customers receive (as
23 noted above). Councilman Higginson seconded the motion which carried unanimously.
24 Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers, and Councilman
25 Higginson voted “aye”. (It was noted that these customers can opt to change to the new
26 Hybrid Net Metering rate; however, that would require additional investment on their part to
27 make the necessary equipment changes, etc.)
28

29 Commissioner Bell made a second motion that we go back two years and reimburse
30 the Feed-in-Tariff customers for credit which was lost due to the rate changes that occurred.
31 Councilman Higginson seconded the motion which carried unanimously. Commissioners
32 Becker, Bell, Irvine, Knight, Pitcher and Summers, and Councilman Higginson voted “aye”.
33
34

35 PINEVIEW GENERATOR UPDATE

36 Mr. Farnes reviewed that the Pineview hydroelectric power plant experienced a
37 generator trip offline in mid-July. After several days of inspections and testing, the
38 generator was restarted and then it tripped offline again. A company that specializes in
39 generator maintenance and repair (Sidewinders), assisted with trouble shooting the problem.
40 It was found that the wires that ran through the rotor shaft needed to be replaced (color
41 photos included in the packet) and this was done to get the generator back online. This was
42 a temporary repair, and a more permanent repair should be completed when we are in a non-
43 generating period. We have requested a quote from Sidewinders to do both a permanent
44 wire repair and to also clean the contamination off the rotor and stator. We will bring this
45 item back to the Commission when we have cost information.
46

1 **OZONE NONATTAINMENT POWER PLANT**

2 Mr. Farnes reviewed that we have received a letter from the Utah Division of Air
3 Quality (UDAQ) indicating that the Wasatch Front has been identified as a Nonattainment
4 Area. This will require Bountiful to either reduce our Potential to Emit (PTE) from a
5 maximum of 65 tons of nitrogen oxides (NOx) to something less than 50 tons. If we decide
6 to keep our PTE NOx at 65 tons, we will be classified as a major source (of potential
7 pollution) and we will be required to submit documentation on available control technology
8 that could reduce our emission levels. The potential cost to install the additional pollution
9 equipment as a major source is \$3 - \$3.5 million per unit.

10
11 We contacted Stantec to assist in evaluating our position, and we have determined
12 that reducing our NOx emission to 48 tons would not have a significant impact on our plant.
13 We have also met with the UDAQ staff, and they support our proposal to reduce our PTE
14 and remain as a Title 4 classification. To officially take this position, we must submit a
15 Letter of Intent to UDOT by the end of October 2023.

16
17 This matter has been reviewed by the Power Department staff and the City Manager
18 and we have determined that we could increase our power generation by about 5 times what
19 we have been doing without any Air Quality problems. We do not anticipate increasing our
20 plan generation by that much, and these generation units are more valuable to us as peak
21 shaving generation rather than base load generation. Based on this analysis, the Staff
22 recommends that the Power Commission send direction to the City Council and the Power
23 Director to submit a Letter of Intent to reduce our PTE to 48 tons of NOx. Councilman
24 Higginson made a motion to support the Staff recommendation and send a letter to the State
25 telling them we intend to lower our PTE as stated above. Commissioner Knight seconded
26 the motion and voting was unanimous. Commissioners Beck, Bell, Irvine, Knight, Pitcher
27 and Summers, and Councilman Higginson voted "aye".

28
29 **STEEL SOLAR CONTRACT APPROVAL/ RESOURCE UPDATE**

30 Mr. Johnson reported that we have been following the Sunnyside coal project, which
31 is a waste coal project located near Price. This would have been a 3-year contract priced at
32 about \$0.08. They have put so many contingency issues in place that UAMPS as a group
33 decided to take this project off the table. UAMPS will be looking at 5-year contract power,
34 currently available at about the same price (\$0.08).

35
36 The Red Mesa solar project is currently online.

37
38 The Steel Solar project, which should be online, is having difficulty with financing.
39 The pricing will be the same, but we will need to change some of the language in the
40 contract. Another issue is storage and they have included a battery-storage option. And,
41 like cell phone batteries, solar batteries lose their efficiency over time. Solar batteries
42 degrade at about ½ percent/year. Another concern about solar batteries is that they are very
43 volatile.

44
45 There are two geo-thermal plants in in New Mexico that we are looking at, both at 5
46 mW and at a cost of \$0.09 - \$0.10. Both would be online by 2027.

1 The coal resource is extremely limited due to both supply from the mine and
2 transportation. And more legislative issues have arisen with IPP. We did not call any power
3 back for this winter.

4
5 Subscription is still a major issue with the NuScale CFPP project and many of those
6 interested have a fairly complicated process in getting the approval process done in a timely
7 manner. If we stay with the project until December, there will be no penalty to withdraw.
8 He recommended that we continue to follow this project.

9
10 Mr. Johnson concluded by sharing data which is used by himself and the dispatchers
11 in managing power resources on a daily basis.

12
13 *The following items were included in the packet, but not discussed in the meeting:*

14
15 **POWER SYSTEMS OPERATIONS REPORT**

- 16 a. May and June 2023 Resource Reports
17 b. July 2023 Lost Time/Safety Reports
18 c. July 2023 Public Relation Reports
19 d. June 2023 Outage Reports

20
21 **OTHER BUSINESS**

22 None

23
24 **NEXT POWER COMMISSION**

25 The next meeting of the Power Commission will be held on September 26, 2023, at
26 8:00 a.m.

27
28 **ADJOURN**

29 The meeting adjourned at 9:35 a.m. on a motion by Commissioner Pitcher and
30 seconded by Councilman Higginson. Voting was unanimous with Commissioners Becker,
31 Irvine, Knight, and Pitcher, and Councilman Higginson voting "aye". Commissioner Bell
32 had been excused from the meeting at 9:30 a.m. and was not included in the vote.

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Paul C. Summers, CHAIRMAN

