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**MINUTES OF THE MEETING OF THE
THE BOUNTIFUL CITY POWER COMMISSION
November 22, 2022 - 8:00 a.m.**

Those in Attendance

Power Commission

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

Power Department

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

Recording Secretary

Nancy T. Lawrence

WELCOME

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

MINUTES, OCTOBER 25, 2022

Minutes of the regular meeting of the Bountiful Power Commission held September 27, 2022, were presented, and unanimously approved as corrected on a motion made by Commissioner Pitcher and seconded by Councilman Higginson. Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers and Councilman Higginson voted "aye".

Mr. Hansen presented a summarized Budget Report for the Fiscal Year-to-date 3-Month period ended 30 September 2022. Total **Revenues** YTD were \$9,861,765, above its HAB by \$1,042,195. Major items above budget were: Electric Metered Sales, above its HAB by 8.6% --- \$688,576; Air Products, with an average load factor of 75.2% -- above its HAB by \$75,773; Contribution in aid to Construction was above its HAB by \$226,678; Interest Income on Investments was above its HAB by \$18,545—the September allocation was \$27,000.

Total **operating expenses** YTD were \$8,462,442, above its HAB by \$(1,071,281). Major items (above) their HABS were: Power Costs, (above) their HABs by \$(1,344,438), which included natural gas and plant repair costs; Insurance Expense was (above) budget by \$(45,876); and the transfer to the General Fund was (above) budget by \$(21,243) due to higher EMS.

Major Operating Expenses below the HABs included Hydro Transmission Expense, below by \$12,867; Distribution Expense, below by \$74,282; Transformers Expense, below by \$58,147; Substation Expense, below by \$14,642; Meters Expense, below by \$30,075; and Computer Expense, below by \$42,538.
Distribution Expense--\$47,566; Street Light Expense--\$13,712; Transformers Expense--\$52,577.

1
2 Total **Capital Expenditures** were \$250,291 and included: \$14,000 for Creekside
3 Views Cul-de-sac; \$200,000 for Feeder 574; and \$34,000 for the Renaissance MRI.
4

5 Total **Labor & Benefits** YTD expenses was \$1,000,350. As of 17 September 2022,
6 21.6% or \$1,162,326 of the total Labor and Benefits Expense budget could have spent; the
7 actual TL&B was \$161,976 below that target.
8

9 The **Net Margin** for the YTD was \$1,149,032, as on-budget revenues plus many low
10 operating expenses were partially offset by high power costs.
11

12 Total **Cash and cash equivalents** were a net \$20,072,238 at month end, down
13 \$322,676 from \$20,394,914 at 30 June 2022 and \$4,964,238 above the \$15,108,000 total
14 reserved cash requirement. Major sources and (uses) of cash at month end compared to
15 fiscal year-end 2022 included: \$(377,422) increase in total Accounts Receivable; \$(196,848)
16 increase in total Inventories; \$(56,359) decrease in total Accounts Payable; and \$(245,271)
17 decrease in Accrued Benefits and Payroll. Commissioner Pitcher motioned to accept the
18 Budget Report, as presented. Commissioner Bell seconded the motion and voting was
19 unanimous with Commissioners Becker, Bell, Irvine, Knight, Pitcher and Summers and
20 Councilman Higginson voting "aye".
21

22 **AUDIT REPORT – YEAR ENDING JUNE 2022**

23 Mr. Hansen presented the Annual Comprehensive Financial Report for the Fiscal
24 Year Ended June 30, 2022 (Bountiful City, Utah) and noted that the independent auditors
25 found no material weaknesses in the financial activities of the City. He pointed out
26 information throughout the audit that was relative to business-type activities (which included
27 the Light & Power Department), as follows (with audit document page numbers referenced):

- 28 - A decrease from business-type activities of \$32,005 (fiscal year 2022 less than
29 fiscal year 2021) p. 7
- 30 - A pie chart showing that the Light & Power department accounted for 41 percent
31 of City-wide expenses, by source. p. 8
- 32 - A decrease of \$564,214 in charges for services revenue in the Light and Power
33 department, due to a decrease in Electric Metered Sales from the prior year. p. 12
- 34 - The Light and Power fund expenses increased \$1,366,859 due to a decrease in:
35 personnel wages and benefits, repairs and maintenance expense, and a decrease
36 in interest expense, which were offset by a 10.77% increase of \$1,293,876 in
37 power purchases; a \$827,076 increase in power generation expenses, and a net
38 increase of operating expenses too small and numerous to warrant further
39 explanation. p. 13-14
- 40 - Light & Power accounts for 69% of business-type expenses. p. 15
- 41 - Light and Power unrestricted proprietary funds (available for spending), was
42 \$23,255,222, a negative change of \$1,351,707 from the previous year. p. 19
- 43 - A review of the Balance Sheet reflected total assets (Light & Power Fund) of
44 \$67,253,706, less liabilities for net capital assets of \$39,006,060; plus
45 unrestricted funds (\$23,255,222), with a total net position of \$62,829,061. p. 32-
46 33

- Revenues, Expenses, and Changes in Net Position (Income Statement) reflected a net ending position of \$62,387,353. p. 34-35
- Within the Notes to the Financial Statements, Mr. Hansen reviewed Intangible Assets which include power projects and/or related contracts with the Intermountain Power Agency, Western Area Power Administration, the Utah Associated Municipal Power Systems, and BP Energy Company related to resources. p. 54
- City self-insurance (which includes the Light and Power department) was explained in the notes on p. 70-71
- Included in the Notes was a brief explanation of Minimum Unrestricted Net position policy, and Mr. Hansen noted that the Light and Power fund is required to have just over \$15,000,000. p. 74
- Changes in Net Position, 2013 – 2022, were reviewed on pages 102-103.
- A comparison of Light and Power charges for services over the last ten fiscal years was referenced from p. 112
- A ten-year comparison of capital Assets (by Function) and Operating Indicators (by Function) was reviewed on pp. 121 and 122

In summary, Councilman Higginson noted that the City received a totally clean executive summary for this year's audit.

RESOURCE UPDATE

Mr. Johnson reviewed that **CRSP** continues with a reduced power output and noted there is a 50% chance of reaching dead pool this year – which is a higher chance than last year. **Red Mesa** Solar has been delayed due to inability to get solar panels; however, it is currently scheduled to start supplying power in March 2023. The **Steel** project has filed an additional force majeure due to supply issues, which could delay this project an additional three months (January 2024). The **San Juan** plant shut down September 28, 2022, and there are currently legal breach of contract issues with Enchant being addressed. He said there will probably be additional “end of life costs” that will be pushed back to us (via UAMPS). The **Muddy Creek** project has been canceled due to the high cost of insurance required for the project.

The IPP repowering is still scheduled to be online June 2025. Coal delivery is still a major issue and efforts are being made to get coal from Wyoming – which will result in higher costs. The Lila Mine fire is out; however, they are not letting workers in and no coal is coming from there. There are also delivery issues related to the railroad and the potential strike. IPP is only running one unit at minimum due to coal supply issues.

The Carbon Free Power Project (CFPP) is still a possibility, but pricing has gone up substantially due to interest and materials. We have signed a nondisclosure agreement for the project, but the subscription rate is still a major concern. Commissioner Irvine posed the question of why UAMPS and Rocky Mountain couldn't participate in a joint nuclear project. It was noted that UAMPS will have a change of administrator in January which could result in UAMPS taking a more active role with nuclear resources. Commissioner Pitcher was excused at this time (8:58 a.m.). Mr. Johnson reported that consideration is also being given

1 to participate in a bigger natural gas plant (15 MW) and a commitment of 10 MW+ 5 MW
2 batteries in the Nextarea solar project. The average cost for both is \$69.00 and it is available
3 23 hrs./day.
4

5 A bar graph of UAMPS Billing (Average Rate by Member) for the third quarter of
6 2022 showed that BCLP's average rate was \$61.5/MWh, one of the lowest of the UAMPS
7 group, compared with the highest rate (Lehi City) of \$140/MWh. Mr. Johnson noted that by
8 running the plant in the month of September (and interrupting Air Products for 6 days),
9 BCLP had a total savings of \$2,345,807 for that month. Another savings of \$875,709 came
10 at this time by using IPP callback instead of the market. He noted that we will use the IPP
11 callback for Summer 2023; notices for short-term and long-term IPP power are due to
12 UAMPS by December 19, 2022. (Coal availability will be a consideration for this resource).
13 It is Mr. Johnson's recommendation that we call back 8 MWs for Summer 2023; 4 MWs for
14 Winter 2023-24; and 10-15 MW's for Summer 2024. We have gas purchased through
15 March 2024. A brief discussion followed relating to the need for a rate increase, and what
16 percentage. The estimated budget for the next fiscal year would require a 10 percent rate
17 increase. The drought accounts for the major resource crisis. Mr. Johnson advised that there
18 will be a work meeting with the City Council on December 13, 2022, at 5 p.m. to discuss the
19 power resource issues. IPA representatives will be in attendance, as well as our State
20 elected officials, Mellissa Ballard, Todd Weiler and Ray Ward. The Commissioners were
21 invited and encouraged to attend this meeting.
22

23 The Zoom meeting(s) last week related to Enchant addressed environmental
24 concerns related to Air Quality, the settling ponds, and other legislative concerns. IPP is
25 currently permitted to operate until June 2025.
26

27 *The following items were included in the packet, but not discussed in the meeting:*
28

29 **POWER SYSTEMS OPERATIONS REPORT**

- 30 a. September 2022 Resource Reports
- 31 b. October 2022 Lost Time/Safety Reports
- 32 c. October 2022 Public Relation Reports
- 33 d. September 2022 Outage Reports
34

35 **OTHER BUSINESS**

36 Mr. Johnson reminded the group of the following upcoming meetings/gatherings:
37

38 UAMPS Annual meeting, December 13 and 14 2022

39 IPA Annual meeting, December 6, 2022

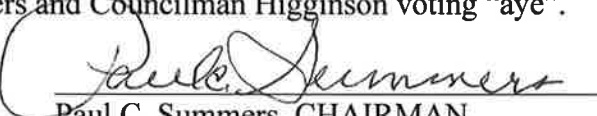
40 Department Christmas Party, December 15, 2022
41

42 **NEXT POWER COMMISSION**

43 The next meeting of the Power Commission will be held on January 24, 2023, at
44 8:00 a.m.
45
46

1 **ADJOURN**

2 The meeting adjourned at 9:37 a.m. on a motion by Commissioner Becker and
3 seconded by Commissioner Irvine. Voting was unanimous with Commissioners Becker,
4 Bell, Irvine, Knight, Pitcher, and Summers and Councilman Higginson voting "aye".
5

6 
7 Paul C. Summers, CHAIRMAN

