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Minutes of the
Power Committee Budget Review Meeting
(Joint Meeting with Power Commission)

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Bountiful City Power Department

April 11, 2023 (8:00 a.m.)

Present:

Committee Members: Richard Higginson, Cecilee Price-Huish, Jesse Bell, Kendalyn Harris, Kate Bradshaw

Power Commissioners Paul Summers, Susan Becker, Jed Pitcher Dan Bell, David Irvine, John Marc Knight

City Manager: Gary Hill

Assistant City Manager: Galen Rasmussen

Department Personnel: Allen Johnson, Alan Farnes, Jess Pearce, Tyrone Hansen, Luke Veigel, David Farnes, Nancy Lawrence

Official Notice of this meeting had been given by posting a written notice of same and an agenda at the City Hall and providing copies to the following newspapers of general circulation: Davis County Clipper, Standard Examiner, and on the Utah Public Notice Website. This meeting was also conducted as an electronic meeting with some participants joining in that forum.

Power Commission chair Paul Summers called the meeting to order at 8:00 a.m. and welcomed those in attendance.

PRESENTATION OF BUDGET

The meeting was turned over to Allen Johnson, Light & Power Department Director, and the department staff to present the detailed budget for the Light & Power fund.

Tyrone Hansen, Light & Power Department Accountant, was asked to review key points of the power system and budget request via PowerPoint presentation.

Budget highlights for Fiscal Year 2023-2024 were presented as follows:

- Overall budget for adoption of \$36,595,491
- 15% increase in power rates
- \$12 to \$13 increase in pole attachment fee
- Changes in:
 - Security Light Policy
 - Residential Underground Electric Service Policy
 - Decorative Street Light Policy

- Services are provided to 17,271 total customers (15,616 residential; 1,654 commercial; 1 industrial)

The electrical system includes:

- 6 substations
- 42 miles of 46KV transmission lines
- 90 miles of 15KV overhead distribution lines
- 135 miles of 15KV underground distribution lines
- 75 miles of street light circuits

Power resources include:

- Colorado River Storage Project (CRSP)
- Intermountain Power Project (IPP)
- Natural gas fired central power plant
- Hydro Electric plants at Echo and Pineview Reservoirs
- Red Mesa solar project
- Contracts with industry suppliers

Major Roles and Critical Functions were outlined as follows:

- Ensure the safety of everyone that interacts with the electrical system.
- Buy and generate electricity at economical prices.
- Deliver electricity to residential, commercial, and industrial customers.
- Provide reliable electric service by designing, building, and maintaining the electrical transmission, distribution, and street lighting systems, and by providing 24/7 dispatching and outage management.

Requests in fulfillment of major roles and critical functions:

- Upgrade feeders #572, #573, #574, and #576
- Begin replacement and upgrade of hydro control systems.
- Begin engineering for the Northwest Substation rebuild.
- Acquire power resources to stabilize the cost of power and increase “green” and carbon-free resources.

To provide further detail on the department operations and budget request, Jess Pearce, Superintendent of Operations, outlined the safety and training program of the department and noted that there has been five years (1,825 days) with no lost time due to accidents in an environment

1 where crews work 70,000 hours per year. Outage totals for fiscal year 2017 through 2022 were
2 shown evidencing a five-year 0.9999984% average for system reliability rate.

3 Replacement of distribution poles is accomplished on a 10-year average of 124 poles per year
4 (including new conductors, transformers, and related hardware). From calendar year 2000 to 2022
5 there were a total of 2,134 poles replaced on the system. Poles were tested in 2018 and 2019 by an
6 independent testing firm. Several compromised and rejected poles were identified and many have
7 been replaced. However, at the current rate of replacement, management estimates that it will take
8 23 years to replace the remaining 2,804 poles. It is important to note that these remaining poles are
9 on average 50 years old and are not expected to last a full 23 years.

10 Underground cable installation and replacement procedures were outlined including the condition of
11 existing cable. The underground system includes 1,261,100 feet of cable in place (including 253,772
12 feet of bare concentric cable installed from 1970 through 1986 with a life expectancy of 20 years).
13 Since 1995, crew replacement of cable has averaged 18,000 feet per year. It is estimated that it will
14 take an additional 20 plus years to replace the remaining bare concentric cable

15 The department Tree Trimming program was highlighted next. There is one in-house and two
16 contracted crews (Diamond Tree Experts). Approximately 3,700 trees are worked on each year
17 between all three crews.

18 Supply chain issues were mentioned with effects on acquisition of materials and system components.
19 This includes, among other items, up to an eight-month delay in delivery for butt treated poles, a 50
20 week lead time needed for transformer purchases, a three month lead time for underground cable
21 orders and similar lead times for other items regularly utilized by the department.

22 In reviewing capital expenditure needs, Luke Veigel, Power Systems Electrical Engineer, was asked to
23 outline needs for system replacements including feeder upgrades:

- 24 • \$200,000 for Distribution System upgrade of #573 Feeder (2600 South 500 West area)
- 25 • \$200,000 for Feeder #572 to #574 intertie
- 26 • \$100,000 Distribution System – Feeder #576 and \$250,000 Renaissance Distribution

27 Alan Farnes, Power & Systems / Generation Superintendent outlined planned projects for Fiscal Year
28 2023-2024:

- 29 • \$400,000 Echo Hydro to begin controls upgrade.
- 30 • \$400,000 Pineview hydro to begin controls upgrade.
- 31 • \$615,000 Northwest Substation to address safety hazards and a 35 year old control system.
32 Potential grant money for funding may be available.

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1 Jess Pearce noted that the budget request for capital items totaled \$2,335,000 (which is down
2 \$569,500 from the prior year). The request includes the following items in addition to what has been
3 mentioned earlier:

4 • Building, Office and Warehouse for garage extension - \$400,000
5 • Vehicle purchases - \$370,000

6 Policy changes included for Fiscal Year 2023-2024 include:

7 • Security Light Policy
8 • Residential Underground Electric Service Policy
9 • Decorative Street Light Policy

10 Tyrone Hansen and Allen Johnson reviewed power resources:

11 • Plans of the department were to buy power at 4.6 cents per kWh and sell at 11 cents per kWh
12 • Peak usage times in December 2022 resulted in buying at 50 cents per kWh
13 • Bountiful and similar UAMPS cities have used several million dollars of reserves to meet power
14 demands. An average of 27.5 cents being spent per kWh by UAMPS cities.
15 • Ongoing issues with power resources:
16 ○ Availability of coal for generation (Lila Coal Mine fire)
17 ○ Hydro generation constraints due to water levels.
18 • A graph of Load vs Resources shows 80 MW in Summer and about 40 MW in Winter. Power
19 turbines are used in Summer to help handle peak loads.
20 • Red Mesa solar power is at a price just below 5 cents per kWh delivered.
21 • CRSP allocation is not a sufficient level to meet loads. City pays 21% of resource dollars for
22 25% of resource needs from CRSP.
23 • The average system cost for power is budgeted at \$0.0692 in Fiscal Year 2023-2024.
24 • Market purchases are planned for 7 MW in low load hours and 12 MW to 22 MW in high load
25 hours.
26 • IPP repowering is scheduled to be complete and the IPP will be back online in June 2025.
27 • Red Mesa solar is delivering power now. Steel Power solar is delayed.
28 • Possible rate increase from CRSP will be coming in October 2023 but the rates are not known.
29 • San Juan Project decommissioning costs continue. Fiscal Year 2024 is budgeted at \$193,200.
30 • Power options being considered:
31 ○ UAMPS Natural Gas Plant (15 MW)
32 ○ Solar with batteries (10 MW)
33 • Carbon Free Power – Subscription is still an issue. \$89/Mwh in 2022 dollars estimated cost.

1 A rate increase of 15% is planned for adoption on May 9th for usage starting in June 2023. This change
2 is projected to bring in an additional \$401,000 in revenue. A question on the use of dynamic pricing
3 was asked. Allen Johnson noted that this option is being explored but may not be possible with our
4 city software.

5 Concerns were expressed by two of the Power Commissioners on the adequacy of a 15% increase to
6 address capital and other needs. Gary Hill and Mayor Harris noted that a 15% rate increase may just
7 be a start based on needs and our communications to the public need to mention this.

8 Fiscal Year 2023-2024 Budget Summary:

- 9 • Operating revenue at \$33,861,930 (electric metered sales at \$30,152,560 with a 15% rate
10 increase planned as of May 9th for usage starting June 2023). With the rate increase, Bountiful
11 Power would be 7.8% higher than Rocky Mountain Power (6.3% lower without a rate
12 increase). A question was asked as to communication plans with the public for the rate
13 increase. The current plans were to follow the normal practice of communication through
14 public hearings on the budget. Some desires were expressed by the commissioners and
15 budget committee members for additional communication through mailing of information
16 flyers in utility bills to notify customers of the rate increase. Allen Johnson mentioned that a
17 flyer is being developed for communicating with customers prior to adoption of the increase.
- 18 • Personnel Services categories total \$5,304,293. Includes a 5.0% cost-of-living allowance; 7.0%
19 medical insurance increase. The department has 34 full-time and 4 part-time employees.
- 20 • Operations and Maintenance categories total \$25,748,570 (resulting in part from the effects
21 from power purchase plans and rate increase).
- 22 • Operating transfers out total \$816,384 comprised of a \$2,198,872 transfer in from retained
23 earnings to cover capital expenditures and a budgeted transfer out of \$3,015,256 to the
24 General Fund)
- 25 • The total ten-year capital plan totals \$37,985,000 for all items.
- 26 • Total budget for fiscal year 2023-2024 is \$36,595,491 balanced regarding revenues and
27 expenses.

28 A Power Commissioner asked how the Fiscal Year 2022-2023 budget overrun situation with rising
29 power costs will be handled. Allen Johnson noted that the budget in Fiscal Year 2022-2023 will be
30 amended in early June. A discussion about remaining power reserves was also held.

31 Following discussion, Power Commission chair Paul Summers called for a motion to approve the Fiscal
32 Year 2023-2024 budget request as outlined. Commissioner John Marc Knight motioned to approve
33 the budget and Commissioner Susan Becker seconded the motion. All commissioners voted aye.

1 City Council Budget Committee chair Richard Higginson called for a motion on the Power Fund budget
2 as presented. The budget was passed with a motion from Committee member Kendalyn Harris with a
3 second from Committee member Cecilee Price-Huish. Voting was unanimous with Committee
4 member Higginson, Harris, and Price-Huish voting aye. The budget review portion of the meeting
5 adjourned at 10:02 a.m. by consent of the Power Commissioners and City Council Budget Committee
6 members.

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