

Minutes of the special City Council meeting held February 25, 1983 at 9:00 a.m. in the City Hall of Bountiful, Utah.

Present: Mayor:	Dean S. Statile
Council Members:	J. Dean Hill, H. Keith Barton, Phyllis C. Southwick, Paul B. Allen and Bob Linnell
City Manager:	Tom Hardy
City Attorney:	Layne B. Forbes
City Recorder:	Arden F. Jenson
Recording Secretary:	Beverly B. Hyde

Mayor Stehle welcomed all those in attendance at this special meeting, particularly mentioning the officials of Utah Power & Light Company who were present, and he expressed appreciation to them for coming to Bountiful. He then asked for a motion to hold this emergency meeting of the Bountiful City Council.

CITY COUNCIL GIVES APPROVAL FOR THIS M.N. MEETING

Councilman Hill made a motion to hold this emergency meeting to consider matters on the agenda. The motion was seconded by Councilwoman Southwick and carried unanimously.

The Mayor then read a statement on some background of the events leading to this meeting. The statement, entitled "Mayor's Statement on City's Position - Intermountain Power Project Downsizing," was worded as follows:

MAYOR READS STATEMENT ON CITY'S POSITION - INTERMOUNTAIN POWER PROJECT DOWNSIZING

There has been considerable discussion and controversy regarding the position which the City of Bountiful has taken with regard to the downsizing of the Intermountain Power Project. Before the Council acts on the proposed downsize contracts before us today for consideration, I would like to take a few moments to clarify the City's position and briefly review how we have arrived at this point.

On Wednesday, November 9, 1983, representatives of the Intermountain Power Agency attended our City Council meeting and explained a proposal to reduce the size of the Intermountain Power Project from four units to two units. Their request emanated primarily from the adverse financial impact that a four unit project would have on Utah Power and Light. There was even some concern that Utah Power and Light would have preferred to see the project fold and go into default rather than pay the costs associated with a four unit project. Reducing the size of the Intermountain Power Project, as proposed by the Intermountain Power Agency, would allow Utah Power and Light to reduce its participation from 750 megawatts to 60 megawatts. Because Utah Power and Light had signed a "take or pay" contract, their full participation in a four unit project would have cost their rate payers an average of three hundred million dollars per year for the first ten years of the project, resulting in rate increases of major proportions. Reduction to a two unit project would lessen the debt to equity ratio on Utah Power and Light's financial statement, save their rate payers hundreds of millions of dollars, and improve their ability to be rated favorably by bonding agencies.

The City of Bountiful, on the other hand, had nothing to gain and everything to lose by downsizing the Intermountain Power Project. Rather than a "take or pay" contract, the entire allocation of power to Bountiful was "laid-off" to the California cities participating in the project, with the understanding that Bountiful could recall the power as it needed it. Reduction to a two unit project would thus adversely impact the City of Bountiful in three ways:

1. The amount of power available from the project would be cut in half.
2. The cost of the power available to Bountiful would increase resulting in a minimum of one hundred and fifty thousand dollars

per year increased cost and as much as one million seven hundred thousand dollars per year in additional power purchase cost.

3. The project would have become the property of the municipalities of the State of Utah when the bonds were retired under a four unit project, whereas under a two unit project the California cities will keep an operating interest in the plant.

In spite of the tremendous disadvantages to the City of Bountiful, however, it should be pointed out that a two unit project would be easier to finance and would result in advantages to other municipalities, as well as to Utah Power and Light. On this basis Bountiful City contacted IPA and stated that, while a four unit project would be preferable, we would agree to a two unit project providing that the economic disadvantages resulting from the downsizing would be offset to a reasonable extent by considerations needed by Bountiful in other areas. These considerations primarily dealt with our relationship with Utah Power and Light. We were instructed by the Intermountain Power Agency to meet with Utah Power and Light to resolve these differences.

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Pursuant to that direction, the City entered into negotiations with Utah Power and Light. At the outset it was agreed by both parties that the negotiations would be treated confidentially. As a result, many times the City was brought under criticism by those who did not understand the nature of the negotiations, nor the reasons for them. We kept our commitment to Utah Power and Light, even in the face of unfair criticism and statements by others involved in the Intermountain Power Project. We feel that Utah Power and Light treated us with the same consideration and respect.

As a result of the meetings with Utah Power and Light, we have obtained a Memorandum of Understanding which sets forth terms and conditions for those items which the City sought from Utah Power and Light. A press release on the Memorandum of Understanding has been prepared by Utah Power and Light, with our concurrence. At this point I would like to acknowledge particularly the fine spirit of cooperation we received from President Harry Blundell of Utah Power and Light Company, who personally involved himself in the negotiations in an attempt to meet Bountiful's needs. While the negotiations did not produce all the results which Bountiful desired, they did set a positive framework for future relationships between our City and UP&L which we hope will continue.

MAYOR INSERTS COMMENTS ON CITY COUNCIL'S ACTIONS AND GIVES THANKS & COMMENDATIONS TO ALL JOSE WHO RAU BEEN INVOLVED

The Mayor inserted some comments out of text at this point. He said they have tried to be very responsible in their actions in this event even though they may not have appeared so to some areas of our state. They have been mindful of the absolute deadline which IPA was trying to meet and have worked toward it. While they have been accused sometimes of being insensitive and perhaps obdurate, they don't feel they were. He stated that Mr. Blundell has been very good and they appreciate the way they have been treated by all officers of UP&L, and he expressed special thanks to them. He also gave special thanks to Jay Bingham who has been working toe-to-toe with Mr. Blundell in the last few weeks of the negotiations. He explained that Mr. Bingham is a former member of the City Council and is a present member of the Power Commission and he has spent many hours both with UP&L and with Bountiful. In addition, he thanked the Chairman of our Power Committee, Councilman Bob Linnell, who has also spent many hours in clarifying and helping the others to understand the technicalities of what they were discussing. He said this has been an interesting experience and they have gained a great deal of experience from it and he thinks they understand UP&L's problems perhaps more than in the past, and they hope UP&L understands some of Bountiful's needs and concerns as well. Mayor Stahle also commended our City Manager, Tom Hardy, and City Attorney, Layne Fornes, for their extra long hours of work in these discussions.

FINAL CONTENTS OF STATEMENT READ BY MAYOR.

Referring back to the Statement, the Mayor read the final paragraphs contained therein:

We appreciate the patience of the other participants as we worked through this process and hope that they understand the reasons behind Bountiful's position.

In conclusion, I would like to say that the City of Bountiful is committed to the success of the Intermountain Power Project. As a participant and as a part owner, we have every wish for its success and hope that someday all four units will be built and will be available to the communities and utilities which provide electrical services to the State of Utah.

THE MAYOR THEN ASKED MR. FORBES TO PROCEED WITH

consideration of the five elements. Mr. Forbes explained the five documents which are below listed:

1. Amendatory Power Sales Contract
This is between Intermountain Power Agency and City of Bountiful and Provides that Bountiful will buy from IPA 1.375% capacity and energy in a 2 unit, 1,500 megawatt plant or 20.63 megawatts.
2. First Amendment to Intermountain Power Agency Organizational Agreement
This agreement is by and among City of Bountiful and the other members of IPA, and it authorizes reduction of Intermountain Power Project from 3,000 megawatt, 4 unit plant to 1,500 megawatt, 2 unit plant.
3. Lay-off Power Purchase Contract
This is among Utah Power & Light Company, the City of Bountiful and Intermountain Power Agency, and provides that Bountiful will buy from UP&L a 0.32% interest in IPP Project or 4.8 megawatts.
4. first Amendment to Excess Power Sales Agreement
This agreement is among each Seller named therein, Intermountain Consumer Power Association, as Agent for the Sellers, the California purchasers named therein and the Department of Water and Power of the City of Los Angeles, as Representative of the California Purchasers. It states that Bountiful lays off to California purchasers 1.695% interest in the IPP Project.
5. A resolution approving the form and authorizing the Excess Power Sales Agreement.

The above five items were then acted upon the order given.

AMENDATORY POWER SALES CONTRACT ACCEPTED

No. 1. Amendatory Power Sales Contract was unanimously accepted and the Mayor authorized to sign the contract on a motion made by Councilman Barton and seconded by Councilman Allen.

APPROVAL GIVEN 1ST AMEND. TO IPA ORGAN. AGREEMENT

No. 2. First Amendment to Intermountain Power Agency Organizational Agreement was given unanimous approval along with authorization for the Mayor to sign the document on a motion made by Councilman Allen and seconded by Councilwoman Southwick.

LAY-OFF POWER PURCHASE CONTRACT APPROVED

No. 3. Lay-off Power Purchase Contract was unanimously approved and authorization given for the Mayor to sign the contract on a motion made by Councilman Hill and seconded by Councilman Barton.

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No. 4. First Amendment to Excess Power Sales Agreement was unanimously approved and authorization given for the Mayor to

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sign this document on a motion made by Councilwoman Southwick and seconded by Councilman Allen.

RESOLUTION NO. ADOPTED

No. 5. Authorization for the adoption of a resolution approving the form and authorizing the Excess Power Sales Agreement. Councilman Linnell made a motion to adopt Resolution No. 83-3 entitled:

RESOLUTION NO. 83-3 ADOPTED

A RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN EXCESS POWER SALES AGREEMENT RELATING TO THE SALE OF EXCESS POWER FROM, AND USE OF THE TRANSMISSION SYSTEM OF, THE INTERMOUNTAIN POWER PROJECT and to authorize the Mayor's signature on this resolution . The motion was seconded by Councilman Allen and favored unanimously.

Mr. Forbes suggested that the execution of the Memorandum of Understanding between Bountiful and Utah Power & Light be authorized in this meeting.

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A motion was made by Councilman Linnell to approve the Memorandum of Understanding between Bountiful and Utah Power & Light and to authorize the Mayor to sign this document. The motion was seconded by Councilman Barton and carried unanimously.

MEMORANDUM OF UNDERSTANDING EXECUTED BY MR. BLUNDELL OF UP&L AND MAYOR STAHL

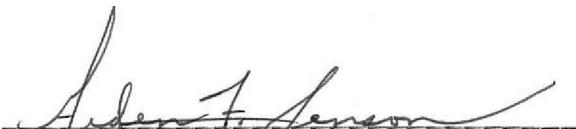
The Mayor expressed appreciation for the interest of Governor Scott Matheson in helping us, and also our Power Director, Berry Hutchings. Mr. Blundell then came forward to sign the Memorandum of Understanding along with Mayor Stehle.

MEETING ADJOURNED AT 9 :2 A.M.

A decision was made that the other documents would be executed after the meeting was adjourned and at 9:23 Councilman Linnell made a motion for adjournment. The motion was seconded by Councilwoman Southwick and favored unanimously.

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MAYOR


CITY RECORDER

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