

Minutes of the special City Council meeting held December 15, 1982 at 6:50 p.m. in the City Hall of Bountiful, Utah.

Present: Mayor: Dean S. Stehle
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
Power Manager: Berry Hutchings
Recording Secretary: Nancy T. Lawrence

Notice of the 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, Deseret News, and Salt Lake Tribune.

POWER COMMISSION RECOMMENDS THAT ADDITIONAL POWER NOT BE CONTRACTED FOR AT THIS TIME

Mayor Stehle welcomed those in attendance following which he explained that this meeting had been called for the purpose of considering the December 7th drafts of contracts and amendments to contracts with Intermountain Power Agency (IPA) and to review the request from the Intermountain Power Project (IPP) for additional allocation of power. Mr. Hutchings reported from last night's Power Commission meeting that these subjects had been discussed very thoroughly and it is the recommendation of the Power Commission that the request for Bountiful to purchase an additional amount of power from IPP (4.28 megawatts) in addition to that which the city has contracted for not be committed to at this time or until there is a better understanding of the size of the project and the contracts have been submitted for final approval.

MAYOR READS STATEMENT RE: IPP

With regard to the contracts, Mr. Hutchings stated that it seems apparent that until there is some dialogue based on the request made by Bountiful to IPA that there should be no additional power contracted for. Mayor Stehle stated that when the meeting was called, it was anticipated that the contracts would be approved at this meeting; however, the city has received nothing from IPA and therefore can make no decision at this time. He then read a prepared position statement with regard to the IPP (see attached). Councilman Linnell made the motion that a resolution be drafted and adopted in support of this statement and that the Mayor be authorized to sign it. Councilwoman Southwick seconded the motion and voting was unanimous. Copies will be sent to Utah Power and Light and IPA.

MEMOS OF UNDERSTANDING NOT TO BE CONSTRUED TO BE LEGALLY BINDING

Mr. Hutchings noted another matter which needs to be clarified and that is that the Memos of Understanding between the city and IPA and UP&L are not to be construed as legally binding commitments on the part of either party--as stated in the Memos. Councilman Linnell referred to the letter dated November 4, 1982, under the signature of Joe Fackrell (IPA) and Harry Blundell (UP&L), which indicates that there would be no commitments until such time all contractors under IPA contracting have approved the final document.

The meeting adjourned at 7:08 on a motion made and seconded by Councilman Linnell and Barton. The Council then reconvened in a meeting of the Redevelopment Agency.

Ratee _____

MAYOR


CITY RECORDER

STATEMENT ON CITY'S POSITION WITH REGARD
TO INTERMOUNTAIN POWER PROJECT

Inasmuch as there has been some confusion and concern expressed regarding the position which the City of Bountiful has taken with respect to the proposal presently being made to downsize the Intermountain Power Project from 4 units to 2 units, I would like to clarify the City's position. In so doing, it is my hope that perhaps some lines of communication which have previously been closed will be opened and Bountiful's concerns can be incorporated into the overall plan to downsize the Intermountain Power Project.

By way of background, representatives of the Intermountain Power Agency attended our City Council meeting Wednesday, November 9, 1982, to explain the proposal to scale the Intermountain Power Project down from 4 units to 2 units. It was explained that this was a request primarily from Utah Power and Light in order to reduce their debt burden and improve their financial position so that their bond rating would not be adversely affected. Downsizing of the Intermountain Power Project would adversely affect the City of Bountiful in 3 major areas:

1. The amount of power available from the Intermountain Power Project to the City of Bountiful would be effectively cut in half from 41 megawatts to 20.5 megawatts.
2. The cost of the power provided by the Intermountain Power Project to Bountiful would increase by not less than 11%.
3. The cost of transmitting the power from the Project site to Bountiful would be increased.

Because Bountiful had negotiated an excess power sales agreement whereby all of the Intermountain Power Project power contracted for by the City of Bountiful could be laid off to the California purchasers of the project, the City of Bountiful would have been obligated to buy power from the Intermountain Power Project only as it was needed, and thus would have been able to provide for the future power needs of its citizens for many years in a logical, timely manner.

The City of Bountiful, along with many other municipalities, REA's, 6 California cities, and Utah Power and Light, agreed that a 4 unit, 3,000 megawatt plant was to be built. Bountiful still believes that such a project would be in the best interest of its citizens and continues to support the 4 unit project. However, should Utah Power and Light desire to withdraw from the project and the project is subsequently reduced in size, Bountiful believes that its citizens should be protected from economic hardship resulting from such action.

Accordingly, I sent a letter to the Intermountain Power Project on November 15, 1982, in which I outlined certain considerations which the City of Bountiful felt would be valid and fair in return for the economic losses experienced by Bountiful as a result of agreeing to downsize the project. I expressed, at that time, a willingness on the part of the City to meet with Utah Power and Light to discuss the items mentioned in my letter so that a prompt resolution of this matter could be achieved. In fact, the City of Bountiful had already established a meeting with Utah Power and Light officials to discuss several of the items listed in my letter. That meeting was cancelled by Utah Power and Light, and the City has not heard from Utah Power and Light since that time.

In a letter to Mr. Harry Blundell, President and Chief Executive Officer of Utah Power & Light, dated November 16, 1982, Joseph Fackrell, Executive Officer of the Intermountain Power Agency, stated that he expected Utah Power and Light to "negotiate this matter directly with Bountiful...". He further stated that the Intermountain Power Agency would be happy to provide assistance to speed the negotiations along. Again, the City of Bountiful has not heard from Utah Power and Light.

While Bountiful does not wish in any way to delay or jeopardize the Intermountain Power Project, the cost of constructing the project, or the position of any other participant in the project, we do believe that our citizens are entitled to fair compensation for the increased costs and decreased capacity that downsizing the project would produce. We are willing to meet with Utah Power and Light as quickly and expeditiously as possible in order to negotiate and resolve those items which I listed in my November 15 letter so that Bountiful can support the proposed reduction of the Intermountain Power Project.