

1 **MINUTES OF THE BOUNTIFUL LIGHT AND POWER COMMISSION**
2 **April 27, 1999**

3
4 **Those in Attendance**

5
6 **Power Commission**

7 H. Keith Barton, Chairman
8 Jack Barnett
9 Richard Foster
10 Sam Fowler, Council Representative
11 David Irvine
12 Lowell Leishman
13 Ralph Mabey

6 **Power Department**

7 Clifford Michaelis, Director
8 Mark Bradley
9 Allen Johnson
10 Kent Servoss
11 Brent Thomas
12 Mike Velarde

14
15 **City Council**

16 Mayor John Cushing
17 C. Harold Shafter
18 Barbara Holt
19 Alan A. Johnson
20
21 Tom Hardy, City Manager
22 Galen Rasmussen, Administrative Services Director

14 **Recording Secretary**

15 Pat Wood/Nancy Lawrence

23
24 **Excused**

25 Councilman Stewart Knowlton

26
27 **WELCOME**

28 Chairman Barton called the meeting to order at 6:30 p.m. and welcomed those in
29 attendance. Mike Velarde, newly hired as the engineer for the Power Department, was
30 introduced and given a special welcome.

31
32 **INVOCATION**

33 The invocation was offered by Councilman Fowler.

34
35 **REVIEW AND RECOMMENDATION FOR APPROVAL OF THE**
36 **1999-2000 FISCAL YEAR BUDGET**

37 Mr. Michaelis reviewed the goals of the department, summarizing that the ultimate goal
38 is to provide the lowest cost electricity and the most reliable service. Mr. Hardy compared the
39 rate structure of Utah Power and Light and Bountiful City Power, noting that the mandate
40 recently received by UP&L to reduce rates will significantly narrow the gap between the two.
41 Mr. Michaelis explained that as retail wheeling gets closer, it will be critical to maintain our
42 competitive edge. The budget being presented tonight anticipates that challenge and does not
43 include the three percent contribution to the Council Capital Projects fund as has been done in
44 the past. (The 15 percent of growth revenue contributed to the General Fund is included in the
45 proposed budget.). A rate reduction of two percent is also anticipated.

1 Mayor Cushing questioned the wisdom of a rate decrease because a tax increase is
2 proposed for this next year in order to fund some programs considered vital to the public safety,
3 engineering and planning, and other departments. The rate decrease would result in a larger tax
4 increase. Chairman Barton noted that in order to compete for customers, it will be critical for
5 our system to be up-to-date and debt free and to maintain a competitive rate structure. Retail
6 wheeling is expected within three to five years.

7
8 Mr. Bradley gave a computer presentation on the proposed budget, with revenue coming
9 from approximately 14,500 customers. He showed the organizational chart for the department
10 and noted that the key people are in place to help the department in accomplishing its goals. He
11 reviewed the major projects which are being planned for the next five years, to include changes
12 necessary to maintain a competitive edge. Mr. Michaelis stated that a cost-of-service study
13 needs to be completed as changes to the rate structure are considered. De-regulation will affect
14 commercial customers first, and it will be important for our customers to know that we have
15 been a reliable source for them and for us to remain competitive.

16
17 A lengthy discussion followed regarding the pros and cons of taking a rate reduction and
18 the impact that would result to the Power Department and the City budgets. Commissioner
19 Irvine pointed out that when de-regulation does take place, the City will still have some control
20 of its customer base and rate structure via the franchise tax. He suggested that instead of taking
21 a reduction, that rates be left where they are, and that the 3 percent contribution normally made
22 to the City capital projects budget be reduced to 1 percent, and that the other 2 percent be used to
23 accelerate the payoff on the San Juan project. Funds allocated for future construction of a new
24 building would be delayed for two - three years. Councilwoman Holt made a motion to this
25 effect and Commissioner Leishman seconded the motion. Following discussion, the motion
26 carried unanimously.

27
28 The Council and visiting staff members were excused at 8:20 p.m.

29
30 **MINUTES - March 1999**

31 Minutes of the regular meeting of the Power Commission held March 23, 1999 were
32 presented and unanimously accepted as amended on a motion made by Commissioner Irvine and
33 seconded by Commissioner Leishman.

34
35 **FINANCE REPORT - MARCH, 1999**

36 Chairman Barton presented the Financial Review for the period Ending March 31, 1999
37 which showed a net difference of revenue in excess of capital and expenses in the amount of
38 \$708,357. This report had been included in the discussion regarding the proposed budget for
39 1999-2000. Commissioner Leishman made a motion to approve the report, Councilman Fowler
40 seconded the motion and voting was unanimous.

41
42 **46 KV TRANSMISSION REBUILD UPDATE**

43 Mr. Thomas briefed the Commission on the damage which resulted from the recent East

1 winds. He praised the crews for their efforts and noted that the focus on tree trimming which has
2 occurred over the past two years contributed to minimal problems. The packet included
3 information regarding bidding for four steel poles for Phase III. Mr. Velarde referred to this
4 information and noted that this matter will come before the Commission at their next meeting.
5

6 **POWER SYSTEMS OPERATIONS REPORT**

7 **Minor rebuild Approval for No. 8 Engine Generator Set.** Mr. Johnson reviewed that
8 the Commission previously approved the purchase of liners for the No. 8 engine. These liners
9 have been received and it is time to install them. Along with installing the liners, yearly
10 maintenance is also needed. While the engine is down, it is requested that system oil leaks be
11 repaired, a damaged intercooler be replaced, and hot bearing shutdowns be installed. Cooper,
12 the engine manufacturer, has given a quote of \$68,281.40 to perform this work. The work would
13 be scheduled for the second week of May and would take approximately two weeks. It is
14 proposed that these expenses be charged to the plant capital account (\$53,201.40) and the plant
15 operation maintenance account (\$7,080). Materials and supplies in the amount of \$34,700 will
16 be taken out of inventory. Approval is requested for the following: (1) to use Cooper Energy for
17 the sum of \$16,716.10 for labor and parts; (2) to purchase eight flow indicators and trip
18 assemblies from Exline for \$2,836.00; and (3) to replenish the stock of injectors, tips, nozzles,
19 and other miscellaneous injector parts at a cost of \$4,290 from Moparts (low bidder).
20 Commissioner Foster made a motion to approve the work and financing as presented.
21 Commissioner Leishman seconded the motion and voting was unanimous.
22

23 The following items were included in the packet, but not discussed in the meeting:
24

- 25 Work Related Injuries/Safety Report
- 26 March, 1999 public Relations Report
- 27 Outage Report - March 1999
- 28 Systems Resource Report - January 1999
- 29

30 **OTHER BUSINESS**

31 None

32 **NEW BUSINESS**

33 None

34 **ADJOURN**

35 The meeting adjourned at 8:37 p.m.
36
37