

1 **MINUTES OF THE BOUNTIFUL LIGHT AND POWER COMMISSION**
2 **April 17, 1997**

3
4 **Those in Attendance**

5
6 **Power Commission**

6 **Power Department**

7 H. Keith Barton, Chairman
8 Richard Foster
9 Lowell Leishman
10 William P. Moore
11 C. Harold Shafter, Council
12 Representative

13
14 **Excused**

15 Ralph Mabey, Commissioner
16 Jed Pitcher, Commissioner
17 Clifford Michaelis, Director
18 Alan Farnes
19 Vernile Hess
20 Allen Johnson
21 Brent Thomas

22
23 **Visitors**

24 Tom Hardy, City Manager
25 Councilman Alan Johnson
26 Councilwoman Barbara Holt

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28 **Recording Secretary**

29 Nancy Lawrence

30
31 **WELCOME**

32 Chairman Barton called the meeting to order and welcomed those in attendance.

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34 **INVOCATION**

35 The invocation was offered by Chairman Barton.

36
37 **MINUTES**

38 Minutes of the regular meeting of the Power Commission held March 20, 1997 were
39 approved following Mr. Michaelis' presentation on the deregulation of the power industry. The
40 motion to approve as presented was made by Commissioner Moore and seconded by
41 Commissioner Foster. Voting was unanimous.

42
43 **OTHER BUSINESS**

44 Mr. Michaelis stated that major changes are taking place in the power world across the

1 nation - specifically the deregulation of transmission and retail wheeling competition currently in
2 eight states. He said that the Utah legislature has established a committee to see how
3 deregulation will impact the state. The motivation for deregulation has come from those states
4 where rates are exceptionally high.

5
6 One of the problems that will face the industry are stranded investment costs and how to
7 deal with investor-owned utilities. He said that the focus of Bountiful City Light and Power has
8 been and will continue to be the (1) low cost supplier, (2) excellent customer service, and (3)
9 reliable power delivery. Bountiful will continue to purchase power from suppliers in various
10 locations. One of the questions that will have to be answered is: Who will we serve? With
11 deregulation, neighboring communities might want to buy from us. And if our rates are not
12 competitive, our customers would want to change providers.

13
14 A marketing strategy currently used by Mountain Fuel and Utah Power and Light is to
15 provide other services - such as a home security system, appliance repair, fiber optic
16 transmission, etc. In addition to determining which services to provide, a decision will need to
17 be made as to whether we do it as Bountiful Light and Power, or go in with UAMPS? The
18 possibility of Mountain Fuel doing the utility billing for the City is presently being considered.

19
20 Discussion focused on the responsibility of government. If we are participating as a
21 corporation and providing services outside the city, there may be a tax consequence.. Mr.
22 Michaelis summarized by stating that the key issue will be to provide the power at competitive
23 prices and maintain the reliability of our system. Excellent customer service will also be a
24 critical factor. It will be 3 - 5 years before de-regulation will become a reality and it will change
25 in the industrial and commercial market before residential.

26 27 **FINANCE REPORT - MARCH 1997**

28 **Proposed 1997-98 Budget.** Chairman Barton opened discussion on the proposed budget
29 for the 1997-98 fiscal year and noted that it is in two formats--one is the format used by the City
30 and the second is in the sequence used in the financial reports of the Power Department, which
31 also shows the details of each account. The budget is balanced at \$17,591,236, with no increases
32 in rates or other user fees. (The last rate adjustment was in July 1992 when rates were *decreased*
33 by two percent). The budget includes a 3 percent cost of living adjustment for full time
34 permanent employees and merit raises for those who are eligible.

35
36 Chairman Barton called for input on a page by page basis and staff explained questions
37 that arose. Mr. Michaelis noted that the payment on the San Juan loan will be interest only in the
38 next budget year to free up a portion of revenue to do be used for remodeling and/or building a
39 new power department office building. Following discussion, it was the consensus of the group
40 that it would probably be best to build a new building. Commissioner Leishman made a motion
41 to accept the proposed budget and recommend it to the city Council for adoption. Councilman
42 Shafter seconded the motion and voting was unanimous.

1 At the conclusion of the budget review, Mr. Hardy and Councilpersons Johnson and Holt
2 were excused.

3
4 **Finance Report for March, 1997.** Chairman Barton presented the Budget Analysis for
5 the period ending March 31, 1997. Revenue was in excess of capital and expenses was
6 \$546,462.25. Total revenue collected to date is \$11.4 million, or 71% of budget (at 75% of the
7 year). Following discussion of this report, Commissioner Moore made a motion to approve the
8 finance report for March. Commissioner Leishman seconded the motion and voting was
9 unanimous.

10 **SOUTHEAST SUBSTATION UPDATE**

11 Mr. Michaelis reported that Brundle and Brundle has continued to not meet their contract
12 and problems have resulted which have slowed the project down. He met with Dave Brundle
13 today and they have agreed on the conditions to get the work completed. Installation of the relay
14 panels will be the last of the major components to complete the substation and they are
15 scheduled for shipment the first of May. Although the project is behind about four weeks, it is
16 hoped that we can catch up so that this project will be operational when the warm weather
17 comes.

18
19 **46 KV TRANSMISSION LINE PHASE I CONSTRUCTION UPDATE**

20 Mr. Thomas reported that TCP has completed all of their work on the first phase of the
21 transmission line, and as a result, earned their bonus for early completion (\$7,500). They did a
22 fine job and met all of our expectations. The line has been tested by a recent East wind and held
23 up well.

24
25 **POWER SYSTEMS OPERATIONS REPORT**

26 All of the following items were included in the packet, but not discussed in the meeting.

- 27 • Work-Related Injuries/Safety Report
- 28 • March 1997 Public Relations Report
- 29 • Outage Report - March 1997
- 30 • Systems Resource Report - January 1997

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32 **UNFINISHED BUSINESS - Executive Session**

33 This item was canceled.

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35 **NEW BUSINESS**

36 None

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38 **ADJOURN**

39 The meeting adjourned at 8:06 p.m. on a motion made by Commissioner Foster and
40 seconded by Commissioner Leishman.

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H. Keith Barton, Chairman
