

SEPTEMBER 26, 1963

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Pursuant to a call by the Mayor, the City Council of the City of Idaho Falls met in Special Session in the Council Chambers of the City Building on the 26<sup>th</sup> day of September, 1963, at 8:00 P.M., for the purpose of considering the approval and passage of the Bonneville Power Administration Power Sales Contract, as well as any other business which might properly be presented. There were present at said Meeting: Mayor W. J. O'Bryant; Councilmen Page, Creek, Foote, and Leahy. Also present: Roy C. Barnes, City Clerk; Vern Kidwell, City Attorney; Harold Davis, Electrical Engineer; Donald F. Lloyd, Public Works Director; Don Ellsworth, City Engineer.

This legal notice was presented:

NOTICE OF GENERAL MUNICIPAL ELECTION

Pursuant to the laws of the State of Idaho, notice is hereby given, that a General Municipal Election shall be held in the City of Idaho Falls, Bonneville County, Idaho, at the voting places hereinafter designated, on Tuesday, the 5<sup>th</sup> day of November, 1963, beginning at 12:00 Noon and closing at the hour of 8:00 o'clock P.M., of said day, for the purpose of electing a Mayor for a term of two years and two Councilmen for terms of four years each, or for such other terms as may hereinafter be provided by law.

The designated voting places of said election and the designated Deputy Registrars and their respective addresses for the respective precincts are as follows:

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| Precinct No. 1 | First Ward-Whittier School<br>Registrar, Hazel Kyle, 130 E. Anderson                             |
| Precinct No. 2 | First Ward-Log Hut- Highland Park<br>Registrar, Mrs. W. L. Adams, 190 Alpine                     |
| Precinct No. 3 | First Ward-Riverside School<br>Registrar, Mrs. S. L. Van Orden, 425 J Street                     |
| Precinct No. 1 | Second Ward-Veterans Memorial Bldg.<br>Registrar, Mrs. George Thomas, 302 Hill Street            |
| Precinct No. 2 | Second Ward- Templeview School<br>Registrar, Mrs. Lois Molen, 1533 Westland Avenue               |
| Precinct No. 1 | Third Ward- O. E. Bell Junior High<br>Registrar, Mrs. Faye Petersen, 369 11 <sup>th</sup> Street |
| Precinct No. 2 | Third Ward- Hawthorne School<br>Registrar, Mrs. Norma Lewis, 160 E. 17 <sup>th</sup> Street      |
| Precinct No. 3 | Third Ward-Longfellow School<br>Registrar, Ardeth Lee, 154 E. 19 <sup>th</sup> Street            |
| Precinct No. 4 | Third Ward-Linden Park School<br>Registrar, Mrs. Keith Park, 1160 Cathryn Avenue                 |

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Precinct No. 5	Third Ward-Edgemont School Registrar, Jane Heffner, 530 E. 16 <sup>th</sup> Street
Precinct No. 1	Fourth Ward-Golf Course Club House Registrar, Janice McClain, 1255 Garfield
Precinct No. 2	Fourth Ward-Bel Aire School Registrar, Ruth S. Harrop, 411 Lomax
Precinct No. 3	Fourth Ward-Emerson School Registrar, Erma Boyce, 375 3 <sup>rd</sup> Street
Precinct No. 4	Fourth Ward-Central Immediate School Registrar, Virgie Prestgard, 216 7 <sup>th</sup> Street

In order to vote at this election each voter must meet the following requirements:

1. He must be at least twenty-one years of age.
2. He must be a qualified elector of the State.
3. He must have resided within the municipal corporate limits for not less than three months preceding the election.
4. He must have registered for the election or must have voted at either of the last two preceding General Municipal Elections held by the City of Idaho Falls.

No qualified elector shall be required to register so long as he remains, or has remained continuously after such registration, a duly qualified elector of the City of Idaho Falls; provided, however, after any qualified elector has reregistered and failed to keep his continued residence and full qualifications to vote in said City, regardless of how short the term of his disqualification shall exist or have existed, he shall not be entitled to vote at such elections after such disqualification existed, unless he shall have reregistered for the election at which he next desires to vote. If such elector shall have moved to another precinct within the City, he or she shall notify the City Clerk of such change of address and such Clerk shall register him or her in the precinct to which the elector shall have moved.

Municipal electors may register from and after the date of this notice during the office hours of said City Clerk and continuing until and including Saturday next preceding the election date. On Thursday, Friday and Saturday next preceding the above noticed election, electors may register between the hours of 9:00 o'clock A.M. and 5:00 o'clock P.M., and between the hours of 7:00 o'clock P.M., and 9:00 o'clock P.M.

Roy C. Barnes, City Clerk, is the ex officio registrar of said City. The places of registration are the office of said City Clerk in the City Building and the respective residences aforesaid of the said Deputy Registrars.

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The voting at said election shall be by ballot. The ballot to be supplied the voters for their use at said election shall be substantially as provided by Section 50-3715, 50-3716, 50-3717, Idaho Code.

Dated at Idaho Falls, Idaho, this 27<sup>th</sup> day of September, 1963.

(Seal)

s \_\_\_\_\_  
Roy C. Barnes, City Clerk

It was moved by Councilman Leahy, seconded by Foote, that the City Clerk be authorized to publish as required by law. Roll call as follows: Ayes, 4; No, None; carried.

The Mayor announced that the primary purpose for calling this Special Meeting was to give all interested citizens an opportunity to protest, comment pro or con, or otherwise be heard on the Bonneville Power Contract, prior to its passage by the Council.

Mr. Ferris Gilkey, local B.P.A. representative, commented on its principal features. It was learned that it would be of 20 year duration. B.P.A. would furnish all electric power other than the City's own generation with two exceptions; namely, that any new single load to 10,000 KW or more would be subject to review; and, in the event B.P.A. power facilities were to become inadequate, five year notice would be required. Mr. Gilkey continued by saying that the City would have the privilege of increasing or decreasing its own generation. The rate schedule is that which was recommended by the City's consulting engineers. B.P.A. would assume the wheeling charge. The contract would provide that savings be passed on to the consumer and the percentage of revenue that could be transferred to the general fund. The B.P.A. rate would be subject to revision every five years and would be subject to approval by the Federal Power Commission.

Mr. W.C. Skinner appeared and asked how much rates had been lowered in other areas by virtue of B.P.A. service and was answered approximately 20%.

Mr. Gordon Nelson appeared and asked whether or not the City would be permitted to cancel the contract in the event of a rate change and was told that the city would have the option of selecting a more beneficial rate schedule, generating more or buying elsewhere.

Mr. Earl Brunt appeared and asked, specifically, how much the consumers would save under B.P.A. The Mayor explained that, in the opinion of the Council, any change in rate to the consumer should await the B.P.A. announcement of their upward revised rate adjustment which should be made within the predictable future.

Mr. Skinner reappeared and read the following prepared statement:

An examination of the proposed twenty year contract submitted by the Bonneville Power Administration to the City of Idaho Falls in replacement of its existing contract with the U.S. Bureau of Reclamation indicates that its provisions bind the City to the following conditions:

- (1) Retail rates to the City's customers must have the approval of the BPA administrator and conform to his policies. The restriction of the City's freedom with

respect to resale rate levels and conditions are found in paragraphs 16 (a) and (b), as well as 18 (a) and (b), of Exhibit C, the controlling language of which is as follows:

“16 (a). . . . All changes in such schedules, including all amendments thereof and supplements thereto, adopted at any time during the term of this contract will be developed and adopted after the purchaser has conferred with the Administrator with respect thereto.”

Paragraph 18 (a) and (b) gives BPA the right of contract cancellation should the City fail to observe the resale rate control authority vested in BPA.

(2) The City turns over operating and financial control of its electric operations to Bonneville Power Administration. The extent of control of the City's operating and financial activities is found in paragraph 17, Exhibit C, which specified in detail what it may make of surplus electric revenues, thus taking out of the hand of the City Council any local discretionary authority.

(3) By limiting its obligation to deliver power, BPA can in effect exercise final decision as to whether the City may for any reason discontinue the operation of its present generating facilities. The control by BPA of the City's right to discontinue the use of any or all of its existing generating facilities, should it desire to do so, is found in paragraph 3 (b) of the main contract under the heading of “Sale of Power and Amounts Sold”. That paragraph says that if the City's discontinuance of any of its generating facilities results in a greater increase in its contract demand on BPA than would have been the case had the City not discontinued such generating capacity, the BPA administrator may limit his deliveries of Bonneville Power to the City to such amount as he determines can be made available from BPA.

(4) The City relinquishes its right to supply additional customer loads of 10,000 kilowatts of demand or more under the provisions of paragraphs 23 and 27 (b) of Exhibit C.

Important to the City is the particular wholesale power rate schedule under which it is billed by Bonneville for power purchased. Bonneville has three wholesale rate (firm) schedules available and a dump power schedule that could be applicable on sales to Idaho Falls, namely, C-4, E-4, F-4, and H-3. In the proposed contract schedule F-4 is specified as the principal billing schedule and is referred to in paragraph 6 (a) of the contract under the title “Payment for Power Sold”. The City's “contract demand” to which this rate schedule is to be applied is found in paragraph 3 (a) of the contract under the title of “Sale of Power and Amount Sold”.

The determination of the billing demand is a complicated procedure which involves arriving at a figure designated, “computed demand” as defined in paragraphs

2.2 and 2.3 of Exhibit B. Computed demand is the difference between the City's total generating capability in the most critical year of record, less 10% for reserve, and its total peak demand in any billing period. The computed demand thus arrived at becomes the basis for the monthly minimum payment obligation assumed by the City. No consideration is given to the City's increased generating capability in periods when the stream flow of the Snake River is higher than that of the critical year.

BPA schedule E-4 is applicable to customers without generating facilities. However, it appears that this schedule would produce a cost to the City of Idaho Falls of approximately 20% less than does the combination of rate schedules F-4 and H-3 specified in the contract submitted by BPA. It would seem prudent, therefore, that the City should, before signing the BPA contract, request BPA to submit comparative billing studies which would clearly show the schedule or combination of schedules producing the most advantageous cost to the City.

Another point worthy of note is that paragraphs 22, 23 and 26 of Exhibit C (General Contract Provisions) gives BPA the authority to discontinue, reduce or limit power deliveries on five year's notice but that the City is tied to and entirely dependent upon BPA except as paragraph 39 of Exhibit C (Purchaser's Right to Other Supply) permits the City to otherwise obtain power in the event of a reduction in deliveries from Bonneville.

In summary, therefore, an examination of the proposed contract submitted to BPA indicates that upon execution of it the City will surrender its control of the rate, operating and financial policies of the City's system to the Administrator of BPA as well as give up its right to serve industrial customers with loads of more than 10,000 KW should any desire to locate in the City.

And finally, the annual saving to the City is only \$106,884 or about 25% in contrast with savings of from 36% to 47% for all the former customers of the Bureau of Reclamation. The bid question is whether a savings of this magnitude justifies giving up the City's independence of operation and putting itself under the absolute control of BPA. The cities of Tacoma, Washington and Eugene, Oregon are not happy with their arrangement. BPA inevitably must increase its rates because of its large annual losses so much of this apparent saving to the City will be wiped out.

Mr. R. K. Rose appeared and asked if the City was getting the most beneficial rate and was answered to the effect that there are three basic rate structures: namely, the industrial rate, the rates to municipalities without generating facilities and the rates to municipalities with some generating facilities.

Mr. John Homer appeared and asked if the City would be entitled to a better rate if local generation were to cease. Electrical Engineer Davis then explained further that the City, according to

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the consulting engineers, would be getting the best available rate in view of the technical limitations of its own system; that the City would venture into a ten year program of rehabilitating its own system after which it would qualify for the lowest rate of 3.07 mills vs. 3.67 as presently stated in the contract now being considered.

Mr. Lynn Crandall appeared and asked if BPA would permit the City to apply all its savings toward rehabilitation of its own generating and distributing system and was answered by Mr. Gilky to the effect that BPA would permit this to a commensurate degree of sound business principles.

Mr. Brunt asked what alternative the City had, other than signing the BPA contract. The Mayor explained that the Palisades allotment would be attained within another year after which any additional purchased power would be at a much higher rate through Utah Power and Light Company. Mr. Rose questioned the advisability of signing the contract on the grounds that the City would lose control of rates and other rights. Mr. Brunt said the City, if it were to continue under the existing arrangement, would be subjected to any future rate increase as charged by the private utility company. Mr. Skinner said he did not intent to argue the advantages or the disadvantages of public vs. private power. Instead, he simply felt that the contract was weak in definition.

Mrs. R. K. Rose appeared and expressed an opinion that the City should not subject itself to the weaknesses of a governmental agency which has registered such substantial operating losses. The Mayor corrected this misunderstanding by explaining that BPA was still \$20,000,000 ahead of its payment schedule after adding substantially to its transmission line.

Mr. John Weida appeared and protested the contract on the grounds that the City would thereby lose its control and rights and that this administration should not obligate future administrations to that extent. The Mayor noted very few in the Council Chambers protesting the contract compared to many, not present who had indicated that they favored same.

City Attorney Kidwell spoke briefly on the foregoing Skinner statement covering its salient points of objection and said his conclusions were to the effect that the contract is valid and sound.

Mr. Joe Armstrong appeared and indicated that he favored the signing of the contract, in view of the favorable remarks of the City Attorney. In brief final reappearances, Messrs. Homer, Crandall, and Brunt also indicated that they favored the contracts' approval by the Council.

This concluded the public hearing. The Mayor asked the Council if they were prepared to take action on the contract. It was moved by Councilman Foote, seconded by Leahy, that the Bonneville Power Administration power sales contract be approved and the following resolution be hereby adopted:

**RESOLUTION (Resolution No. 1963-18)**

BE IT RESOLVED by the Mayor and the City Council of the City of Idaho Falls, Idaho, that it approved and accepts the proposed power sales contract with the United States of America, Department of the Interior, acting by and through the Bonneville Power Administrator, which contract is designated as Contract No. 14-03-38751 and provides for the furnishing of electric power to the City of Idaho Falls, and the Mayor and the City Clerk respectfully are hereby authorized and directed to execute and deliver said power sales contract.

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Roll call as follows: Ayes, 4; No, None; carried.

The audit contract from the City Auditors Burnett and Humphreys was presented, covering the City's annual audit for the year ending December 31<sup>st</sup>, 1962. It was noted that this was in two parts as follows: General Audit \$6,972.00      Water and Sewer Audit \$2,776.40 for a total of \$9,748.40. It was moved by Councilman Leahy, seconded by Creek, that the audit be approved and payment authorized as stated. Roll call as follows: Ayes, 4; No, None; carried.

The City Engineer presented the following:

Honorable Mayor and City Council  
Idaho Falls, Idaho

Acct. No. 4C-16

Gentlemen:

The Engineering Department has been pursuing a piece of right-of-way on Utah Avenue from the Sinclair Refining Company. This land is described as follows:

Beginning at a point that is southwesterly 61.30 feet along the east property line of Utah Avenue extended, and northwesterly 7.50 feet along the south property line of West Broadway from the southwest corner of Lot 5, Block 1, West Broadway Addition to the City of Idaho Falls, Bonneville County, Idaho, said point being the southeast corner of Utah and West Broadway, running thence southwesterly along the east line of Utah Avenue 100.25 feet, thence southeasterly and parallel to West Broadway 3.5 feet, thence northeasterly and parallel to Utah Avenue 80.25 feet, thence to the right along the 20.0 radius curve 31.42 feet to the south line of West Broadway, thence northwesterly along West Broadway 23.50 feet to the point of beginning.

We are recommending that the Council accept this portion of land as public right-of-way within the City of Idaho Falls, in accordance with the right-of-way deed.

Respectfully submitted,  
ENGINEERING DEPARTMENT  
s/ Donald M. Ellsworth, P.E.  
City Engineer

Concurred by: s/ Donald F. Lloyd

It was moved by Councilman Foote, seconded by Leahy, that the land in question be accepted as public right-of-way, as recommended by the City Engineer. Roll call as follows: Ayes, 4; No, None; carried.

There being no further business, it was moved by Councilman Leahy, seconded by Page, that the Council adjourn. Carried.

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ATTEST: s/ Roy C. Barnes  
CITY CLERK

s/ W. J. O'Bryant  
MAYOR

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