

March 30, 2021 Unapproved

The Idaho Falls Power Board of the City of Idaho Falls met Wednesday, March 30, 2022, at the Idaho Falls Power Large Conference Room, 140 S. Capital, Idaho Falls, Idaho at 7:45 a.m.

Call to Order, Roll Call, and Announcements:

There were present:

Mayor Rebecca L. Noah Casper (In person until 10:43 a.m. and arrived by phone at 10:57 a.m.)

Board Member Michelle Ziel-Dingman

Board Member Thomas Hally

Board Member Jim Francis

Board Member Jim Freeman

Board Member John Radford

Board Member Lisa Burtenshaw (left at 12:02 p.m.)

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager

Stephen Boorman, IFP Assistant General Manager

Randy Fife, City Attorney

Nikki Bradford, Administrative Assistant

Board Member Ziel-Dingman called the meeting to order at 7:51 a.m. and General Manager (GM) Prairie suggested an agenda change to move the executive meeting up before the International Brotherhood of Electrical Workers (IBEW) Negotiation Discussion to accommodate Mayor Casper's early departure from the meeting.

Calendar Announcements, Events and Updates

Board Member Radford gave an update on the recent American Public Power Association's (APPA) Legislative Rally in Washington D.C. and noted that Senator Manchin appears to be lending his support for nuclear power and electric vehicle (EV) charging stations through the infrastructure bill. GM Prairie feels the focus should be on improved battery technology instead of widespread EV charging networks that could become obsolete with the next battery technology breakthrough. Mayor Casper added that it may be an idea to reach out to local EV owners and help them install home charging units or at least provide education pamphlets with good options opposed to spending city dollars building out charging stations across town. GM Prairie thought providing the community with general tips and information with potential financial support for home charging units may be worthwhile. There was a discussion on types of charging and the benefits thereof. Mayor Casper announced an upcoming fair hosted by Idaho National Laboratory (INL) about net zero carbon emissions and said she feels that as policy makers, the city needs to be considering what its carbon free resolution should entail. Assistant General Manager (AGM) Boorman pointed out the role of the government with regard to the utility must be part of the discussion. Board Member Radford asked GM Prairie, at which point are customers willing to pay more for services? GM Prairie gave an example of how the utility offers a rebate to customers who purchase energy efficient appliances so the utility can hold off building out more infrastructure. Board Member Burtenshaw talked about the call on water that is happening this year by the farmers due to extreme drought conditions and wondered what the water forecast was with respect to the utility and GM Prairie said it was difficult to forecast Gem State for the summer because there is no basis for comparison on the shape of the flows and said he predicted the river for June and July to be about 80% of normal, and noted that is a higher percentage than the snowpack. He displayed the new Paddle Guide brochure IFP produced with Tight Line Media and said it is also available on the website. He continued to say there is another general recreation guide in the works with a similar format and Mayor Casper said she hoped that the parks department would be collaborating on the

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brochure. GM Prairie was unsure what was meant by the Mayor's statement but explained that IFP paid for this work since these are in our Federal Energy Regulatory Commission (FERC) project boundary and we are required to provide recreation opportunities on the sites. He said he did send down some of the brochures for parks to give out and is always willing to coordinate. GM Prairie reminded the Board of the upcoming Paine substation ribbon cutting event.

Board Policy No. 4 – Utility-Wide Market Based Compensation Review

GM Prairie reviewed the annual process and methodology and clarified the "utility-wide" language in the policy applies to all utility employees and that this is an annual review with no proposed changes to the policy. He explained that the Milliman survey from last year is what is used as a reference and pointed out that a number of I-5 corridor utilities with regard to union positions increased wages by 14-18% and the other areas outside of the corridor increased 6-8% from what he has heard from other general managers. GM Prairie said he has to build the utility budget in the current persistent labor market and inflationary world and pointed out that inflation has rose at least 12% over the last four-year period, where IFP rates have not increased and estimated they may have to be increased by 5 – 10% this year. He explained an agenda change request to accommodate a Board Member's early departure from the meeting.

Executive Session

It was motioned to move into Executive Session at 8:42 a.m. pursuant to the Idaho Code Section 74-206 (b) to consider the evaluation of an employee. At the conclusion of the Executive Session, the Board reconvened into Regular Board at 9:15 a.m. pursuant to the Idaho Code Section 74-206 (b). Motion passed unanimously.

IBEW Negotiation Update

GM Prairie briefly outlined where the union negotiations were at and hopes to bring a contract to the next meeting where wage adjustments and succession planning will be discussed in more detail and the contract be put to a vote.

Board Policy No. 5 – Financial Stability & Credit Worthiness

GM Prairie explained how the policy was put in place as the first utility policy and later adopted by the Board to capture institutional knowledge as well as outline management responsibilities to ensure staff is qualified and being properly trained and retained with a competitive wage & benefits package. He said the policy is to also outline Board responsibilities to make appropriate decisions that are beneficial to the utility. GM Prairie explained the monthly, quarterly and annual reporting requirements and pointed out that he has not received financial statements in over a year from finance, but knows the accountants are working on the staffing and software issues. Board Member Burtenshaw requested a financial update once things get worked out in the next meeting. Mayor Casper explained how the city has centralized accounting and not enough staff to properly cover the enterprise funds. There was a discussion on new integrated software systems, upgrading existing accounting systems and staffing. GM Prairie pointed out that the city needs to upgrade and maintain the current accounting system, while beginning the process of finding a more integrated system for the city. There was a discussion about succession planning from the policy's perspective and how it applies to the utility. Board Member Francis pointed out that while the policy may not identify who might step into a position, it should leave clear direction and document legacy information for the next person stepping in. Board Member Hally asked if succession planning is considered an outdated concept.

Annual Report / 2022 Operations Review

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GM Prairie reviewed the target fund balances and pointed out that \$20 million in the rate stabilization fund should be increased due to events that are difficult to predict or control like extreme weather, drought conditions, high market prices and volatility he is seeing. He would like to collapse the \$3 million energy conservation fund into general operations since it no longer makes sense to have a separate fund due to recent legal advice from City Attorney Fife. GM Prairie pointed out that the fiber fund has been added, but located underneath the power fund so the money can be kept separate for rate setting. GM Prairie would like to exit the maintenance equipment replacement fund (MERF) to lend more flexibility and ease on budgeting and replacing vehicles when needed and not when scheduled and said the municipal services director supports the move from his understanding in speaking with the City Controller. Board Member Freeman said it made sense and would be one less department for municipal services (MS) to track. He reviewed the 2021 cost of service (COS) for fiscal year 2022 rate setting and explained the capital projects balance decrease and said the policy calls for at least 250 days of cash-on-hand and noted the utility's cash is beyond that amount. GM Prairie explained how the power cost adjustment (PCA) is derived and reminded the Board that there was \$1,457,795 in FY21 credits but pointed out there will be \$0 for FY22 due to expensive power supply purchases over peak periods and a drought year that severely reduced surplus energy sales. He reviewed the status of the Rocky Mountain Power (RMP) buyout and customer exchange with new service territory and AGM Boorman added the additional customers represent about a three percent growth and commented that the large-scale buyout has gone fairly smoothly despite how major the project has been from coordination, staffing and replacing old RMP infrastructure and added that staff has done an amazing job. Board Member Freeman asked if there has been positive feedback from the new customers and GM Prairie said there a few customers who do not agree with paying the 50% lost revenue charge and RMP overhead costs, which were approved and required by the Public Utilities Commission (PUC). GM Prairie continued to review the project timeline from 2021 and noted the utility is four to five months ahead of schedule (85% of 730 customers have been transferred to date) and gave credit to an amazing job by staff. Board Member Burtenshaw asked the definition of financially settled transactions and GM Prairie explained how the energy commodities market works and gave the example of hedging the market by pre-buying electricity, but not necessarily taking delivery on it. He continued to explain Bonneville Power Administration's (BPA) new summer and winter energy product, which he would like to partake. GM Prairie reviewed the peak load graphs and emphasized the surprising high peaks with correlating temperatures over the summer months of 2021. He reviewed the monthly load sold and noted the city is growing but also pointed out that as customers increase, the load has decreased likely due to energy efficiency initiatives like energy efficient appliances and the replacement of street lighting with light-emitting diodes (LED). GM Prairie explained the insurance renewal coverage for the hydro plants and pointed out that while the broker changed the insurer and underwriting have not changed. He reviewed the capital investments budget and talked about the utility's cyber security concerns given Russia's actions in the past and the current Ukraine invasion. GM Prairie explained the wholesale power supply in relation to COS and noted the utility came in a little over budget. He reviewed the forecasted power supply costs and talked about forward hedges and noted there have been no term trades in about a year due to the drought, but is looking to BPA to purchase heavy load for the summer and winter. He reviewed payment in lieu of taxes (PILOT) and noted that it is benchmarked from the APPA study and is hopeful their study will have more respondents lending to better accuracy in the next study. GM Prairie reviewed the rate sufficiency graphs and predicted that as the utility grows and as inflation persists, the revenue and the actual COS will be higher. He reviewed the utility labor trends and noted that employees are tending to retire when eligible, younger employees are not sticking around, and people are choosing lifestyle over money. GM Prairie talked about succession planning with anticipated retirements and plans to fill positions. He praised the operations manager for proudly sharing over 30 years of institutional knowledge with the superintendent, line crew foremen and dispatchers in his preparation for retirement. He explained his concerns with the warehouse manager retiring in the next year and leaving with over twenty years of institutional knowledge,

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but pointed out that an assistant had been hired from MS purchasing to start learning the warehouse procedures. GM Prairie said the utility has made a lot of hiring progress over the past year and talked about how he adjusts job descriptions, titles and the organizational chart to accommodate talent and utility needs. AGM Boorman noted some key employee trades with MS that also netted a workload exchange and gave an example of an accounting employee who moved over to finance but also took some of the utility's workload and a purchasing employee who moved over from MS but retained some MS purchasing duties, emphasizing a win-win arrangement. While reviewing the employee training budget, Board Member Hally asked if board members are included in the budget and GM Prairie said yes. He talked about the areas of risk and pointed out the accident safety chart with no injury or vehicle accidents reported since 2020 and noted how the accountability culture is paying off, despite the industry trending the in wrong direction with more linemen deaths.

Utility Reports

Fiber – GM Prairie said the utility is halfway complete with the citywide expansion and noted that the utility is continuing to refine the process and is projected to pass by 5,500 more customers this summer. He continued to point out that the actual costs are coming in under projected costs and noted the take-rate percentage is increasing toward the projected percent.

General Announcements

GM Prairie reviewed some options to for restriping IFP's parking lot after the water tower is removed and Board Member Freeman asked if a 2-story parking garage has been considered. Mr. Fife said an agreement with the railroad would entail purchasing the entire property and not just the parking. GM Prairie reminded the Board to read through the rest of the packet and to review the work that the Northwest River Partners (NWRP) are doing as well as the water supply outlook graphs.

There being no further business, the meeting adjourned at 12:09 p.m.

s/ Linda Lundquist

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper

Rebecca L. Noah Casper, MAYOR