

August 9, 2023

The Idaho Falls Power Board of the City of Idaho Falls met Wednesday, August 9, 2023, at the Idaho Falls Power Boardroom, 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

Board Member Michelle Ziel-Dingman (via Zoom)

Board Member Tom Hally

Board Member Jim Francis

Board Member Jim Freeman

Board Member John Radford

Board Member Lisa Burtenshaw

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager

Stephen Boorman, IFP Assistant General Manager (AGM)

Josh Roos, IFP Chief Financial Officer (CFO)

Randy Fife, City of Idaho Falls Attorney

Linda Lundquist, IFP Board Secretary

Mayor Casper called the meeting to order at 7:48 a.m.

Calendar, Announcements, Events and Updates

General Manager (GM) Bear Prairie reviewed IFP's memo items for the two upcoming City Council meetings and explained that the increased budget for the Eastern Idaho Community Action Partnership (EICAP) agreement is for energy efficiency programs and something that IFP has partnered with EICAP for many years on. Mayor Casper said she thought the Carbon Free Power Project (CFPP) decision may get pushed to next year and mentioned that Board Member Burtenshaw was looking for riders for the Annual Century Ride. She shared an updated version of the *community engagement* objectives and expressed her desire for two-way conversations between the City and community, the importance of identifying needs that are beneficial to both sides, and a more focused agenda/guest list for future engagement meetings. Board Member Francis asked about the timeline for the peaking plant's request for proposal (RFP), since it appears that the Idaho National Laboratory (INL) has backed out of a firm commitment and Attorney Fife said the RFP is scheduled to go out soon. Board Member Francis expressed his desire to have a discussion about the plant that also compares that resource to large-scale batteries before the RFP goes out and GM Prairie said he's planning a peaking plant discussion in the October Board meeting where he's expecting to have information back from the RFP that will better inform the conversation and decision making with regard to costs, timelines and general recommendation to the Board on if we should proceed with the development of the peaking plant resource based upon the responses. Board Member Hally commented that batteries are continuing to change and improve and thought the Board was committed to a peaking plant and Mayor Casper added that the Board would be better informed with information derived from and RFP. GM Prairie said he locked in \$170 megawatt hours (MWh) of heavy load power for this summer and is concerned about price spikes and explained that the natural gas indicator is now looking like \$3.50. (\$3.50 is equivalent to about \$50 MW power.) GM Prairie said the utility will likely burn through several million dollars this summer and pointed out how that could be money put toward paying nearly one third of a gas peaking facility with what peak energy has cost in the past year and added that the facility could be paid off in three years based on current peak market pricing. He explained that markets continue to be volatile both for power and natural gas. He explained that natural gas peaking plants are a direction utilities are still heading as they retire their coal plants and pointed out how fortunate Idaho utilities are to have that option where other states are scrambling for capacity resources. Board Member Hally reiterated that it was his

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opinion the topic was thoroughly analyzed and discussed by the Board and that everyone was in alignment to move forward with the RFP and if things looked good to proceed with the peaking plant. Mr. Fife said the Board can always decide to not move forward based on the information from the RFP. Mayor Casper said it was good to continue looking at multiple lanes. Board Member Francis said he was raising his questions because he thought GM Prairie said battery technology was looking good and GM Prairie clarified that battery technology is looking better and better but pointed out that batteries are a different generation resource with only a four-hour solution currently and added that a diversity of resources is best for the utility's portfolio and the peaking plant does not mean we are not continuing to pursue batteries, wind and even geothermal. Mayor Casper said she'd hoped that carbon emitting resources would be used more frugally, and GM Prairie said that dispatchable generation that is within environmental standards, even if not needed 24/7, and would recommend against withholding economic dispatch of resources from the market because this brings reliability to the grid and lowers our overall energy costs. Mayor Casper said she appreciated GM Prairie's expertise along with all the training that has been offered. Board Member Burtenshaw said she has always been in favor of a peaking plant but didn't recall circling back and agreeing to move forward. GM Prairie reiterated that the decision to move forward with construction comes after the RFP stage and will be a decision and vote by the Council in a regular council meeting once they have all the information and deliberation time required. GM Prairie continued with a brief recap of the timeline and decisions that led up to this point: *Board gave land purchase approval; natural gas proposition discussed at length; plant shelved due to the economics from supply chain issues post COVID; INL came to the table, but then the INL pulled back their initial commitments; General Electric wanted full pricing and not the pricing that INL implied they would do; INL pulled back the \$3 million they initially committed; CAT offered a few of their units currently in production with no commitment or money down with an executable lead-time at a price that might make good sense; this concept was relayed to the Board and support was given to proceed with an RFP to see what the project might look like economically and operationally; then an RFP was drafted and sent out, which is where we currently are at in the process.* Board Members Burtenshaw and Hally said they were still in favor of moving forward and Board Member Radford said he felt that since the property was already purchased that an RFP should be an expected next logical next step in the process. Board Member Francis doesn't recall making a firm decision to move forward and needs to understand how a peaking plant fits in with battery storage and wants to be sure the Board is keeping consistent with the City's 2019 resolution on lowering carbon emissions. GM Prairie offered that when the information comes back from the RFP with more tangible costs, timelines, etc. that decisions will need to be made with regard to stack height, emissions technology, whether to proceed, etc. Board Member Ziel-Dingman stated that she concurs with GM Prairie's perspective and does think there has been some hesitancy expressed and reminded the Board of the many conversations over a long period of time on this topic and GM Prairie said he would create a living document from prior board meetings about peaking plant conversations and Board Member Ziel-Dingman agreed that was a good idea. Board Member Freeman said he expects pushback either way and thinks the economics are worth the risk to protect the rate payers. Board Member Burtenshaw pointed out that when customers are given an option to pay a little more for clean energy that they often opt for the lowest costs, despite advertising efforts for the Clean Energy Credit program. Mayor Casper said she's concerned about buying a lot of energy at high market pricing and thinks policy makers should be applying the proper vision and is happy the Board is considering many resources.

GM Prairie explained that he is exploring geothermal opportunities outside of Utah Associated Municipal Power Systems (UAMPS) membership and needs to work on an RFP. He pointed out that this type of resource is a 20-25 year contract based on about \$70-\$75 MW base load power from what he has indicatively heard from a couple of potential providers. GM Prairie explained that IFP is out of the running for a state broadband grant because the application was challenged by Direct Communications and Sparklight over there already being 30mb speeds in the city available and thus not meeting the federal requirements for funding even though he believes this type of speed is not really broadband in the current view/definition. He said that Bonneville Power Administration (BPA) published their strategic plan last

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week and released their draft record of decision policy document for the 2028 contracts and are taking comments through mid-October. GM Prairie said this is a big *win* for IFP because transfer customers will be treated the same as the current contract, which is good because we're not connected to the system. He explained that utilities won't be penalized as much as originally proposed for those that developed their own resources during this contract period. The current proposal is a 50% credit and GM Prairie said he will continue to advocate and comment on the merits to move this to 100%. GM Prairie said there will be a formal kickoff with stakeholders for the hydro relicensing project and that Richard would give an update about it in next month's Board meeting. He announced that a local artist was donating a sculpture that would be displayed on Capital Avenue near the rock and turbine, next to IFP building and explained in a wayfinding sign. He explained that the artist gained his inspiration when observing IFP staff netting trout and placing them back in the river upstream. He said he changed his views on how hydropower and the environment can work together to live in harmony after working with IFP staff below Gem State dam.

Fiber Ordinance Update

GM Prairie pointed out that the fiber ordinance is reviewed every few years to make sure it is relevant and prudent. He explained that this amendment is focused on customer service and support and pointed out that with the expansion and creation of the lit fiber business, there needs change in order to work with our dark fiber network in terms of pricing, products offered and general terms of use.

Q3 Financial Report

Chief Financial Officer (CFO) Roos said that fiber is doing great with over 6000 customers. He reviewed the balance sheet and explained how the dollars will be flowing out over the next six months due to construction costs and paying construction contractors. Board Member Radford asked about the monthly cashflow and CFO Roos stated the residential fiber has doubled in revenue from the previous year. GM Prairie explained that all six service providers are charged \$2000 per month to be on our network. CFO Roos said we took the final draw down on out bond and pointed out that the airport loan is added back in. GM Prairie estimated that the current improvements (other than buildings) are from three quarters to one billion in assets and is on the low side in his estimation.

GM Prairie explained how the energy market pricing collapsed in May and June due to the nice weather and low flows on the Columbia River. He said the Upper Plant is still off-line due to repairs and will likely get put back into generation in November sometime if all goes well. GM Prairie said the water storage is holding up really well and Board Member Radford commented that the western grid seems to be doing better. GM Prairie said that California has about a 300% above average snowpack so they've had a lot of hydro generation compared to Texas where they have seen \$3000-\$4000 megawatt hour (MWh). He said the Snake River is about 104% average through September and is projected that winter pricing will be up. GM Prairie said the utility hit an all-time peak of 127.5 MW and noted the winter peak was 163 and commented that summer demand is growing at double the clip over winter. Board Member Radford asked if heat pumps provided much savings and Assistant General Manager (AGM) Boorman said the air conditioning is comparable but that heat pumps are quite efficient for heating. GM Prairie talked about the forward trade details and mentioned that next summer we will be bringing Gem State back into the system for about 18 MW to help with summer energy needs.

IFP Strategic Plan

GM Prairie explained how the reformatted plan will serve as a more useful tool to the Board. He explained how the basic components got organized into the new formatting. There was a discussion on *customer-owned* versus *community-owned* language in IFP's mission statement and it was unanimously decided that *community-owned* was a better representation. GM Prairie explained why the enabling capabilities are the foundation of the plan. Then the Board began working to identify and define the concepts for that section.

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Utility Reports

Safety Metrics – GM Prairie stated the importance of the Board’s support of the safety program. He explained the rolling 90-day point award system.

Organizational Membership Reports

GM Prairie said the Carbon Free Power Project’s Executive Committee signed a letter in support of the National Oceanic and Atmospheric Administration Fisheries and they responded positively with a *thank you*. Board Member Francis asked about a flag he noticed on UAMPS’ recent audit.

There being no further business, the meeting adjourned at 11:48 a.m.

s/ Linda Lundquist _____

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper _____

Rebecca L. Noah Casper, MAYOR