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The City Council of the City of Idaho Falls met in Special Meeting (Idaho Falls Power Board), Monday, January 28, 2019, at Idaho Falls Power Conference Room, 140 S. Capital, Idaho Falls, Idaho at 7:00 a.m.

Call to Order, Roll Call, and Announcements:

There were present:

Mayor Rebecca L. Noah Casper
Councilmember Thomas Hally
Councilmember Jim Francis
Councilmember Jim Freeman
Councilmember John Radford
Councilmember Shelly Smede (Departed at 8:00 am)
Councilmember Michelle Ziel-Dingman

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager
Stephen Boorman, IFP Assistant General Manager
Ryan Tew, Human Resources Director
Bobbi Wilhelm, IFP Energy Analyst
Randy Fife, City Attorney
Matt Shirk, Idaho National Laboratory (INL) Research Engineer – Advanced Vehicles & Energy Storage
Linda Lundquist, IFP Executive Assistant

Mayor Casper called the meeting to order at 7:02 a.m. with the following items:

Calendar, Announcements, and Events Update:

Mayor Casper announced the upcoming 2019 APPA Legislative Rally in Washington DC occurring later in February in conjunction with the Utah Associated Municipal Power Systems (UAMPS); Mayor Casper, Councilmember Radford, and General Manager, Prairie plan on attending. Councilmember Radford will attend a Policy Maker's Conference. Mike Squires, UAMPS Government Affairs Director will be mapping out teams for the Legislative Rally. Also taking place the end of February is a conditional use hearing for the Sugarmill to Paine line, where Richard Malloy, Compliance and Engineering Manager, and other staff members will represent Idaho Falls Power. General Manager Prairie added that Rocky Mountain Power has been doing a lot of work in preparation. INL will be talking about infrastructure and why this line supports their mission. Assistant General Manager Boorman stated that the agriculture loads are a big deal for Rocky Mountain Power and how important this transmission line is. Finally, General Manager Prairie gave a brief rundown on the topics being covered in the Fish & Wildlife presentation to be held in the Energy Center directly after the board meeting. He stated that attendance is expected from several regional public utilities.

Updates from Board Members:

There were no updates.

Idaho Supreme Court Ruling on Illegal City Fees Update:

City Attorney, Mr. Fife stated that the City of Pocatello utility is estimated to owe 20 million dollars plus interest to its rate payers. They had built in a profit portion to their rate system, with the idea to help the City's general fund costs; as a result the utility customers over paid. Now the City of Pocatello has been ordered to refund 20 million dollars to either its rate payers or their general fund. Public utilities cannot be for-profit and must be self-contained and remain budgeted outside of the general fund. Mayor Casper stated that she couldn't recall an instance where Idaho Falls utilities had ever crossed that line and how we as good stewards are sure to be careful about that and noted that we do a good job of setting the rates. General Manager Prairie added that it's complicated to unwind and figure out how to pay back 20 million dollars. He added that transfers and paying in lieu of taxes is a consistent approach and that we should continue to focus on transfers and stressed the importance of entities standing on their own. A brief discussion ensued about transfer fees and how difficult it can be to set the correct rates. Councilmember Hally

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brought up a discussion that occurred twelve years about raising rates and it was decided the utility would borrow from the state and rebuild.

Market Based Compensation Policy Discussion:

General Manager Prairie led a discussion on making Idaho Falls Power's compensation policy, a policy that former General Manager Flowers put in place with board/council approval in July 2018, be made into a board policy. Some clarity has been added to the market based compensation policy, with more detail explaining how scale is determined and how employees can move through the scales. Some will move faster than others based on job knowledge, skills and abilities. Human Resources Director Tew added that the current City policy is based on longevity and not ability to perform in their job tasks. The IFP policy uses Milliman as its basis. Milliman is a billion dollar consulting firm out of Seattle with 3500 employees around the world. They conduct wage surveys and studies for a multitude of industries including 25 year's doing a northwest utility study. The 2017 study is based on 76 utilities in Idaho, Washington, Oregon, California, Nevada and Utah. They've produced a comprehensive report with a sampling of data from COOPS, PUDs and municipalities. IFP has matched-up Milliman job descriptions with IFP positions and created a scale base of 1-18, where 12 is the mid-point. On average, it would take an employee 6-9 years to reach the midpoint, which is the market target for a typically performing employee in their respective position. The pay-scale looks at job knowledge, skills and abilities to determine how fast an employee is moving through the scale, with the goal arriving at mid-point. Hiring generally will start at level one to three, lending flexibility to hiring less/more skill employees at compensation levels that correspond with their ability to perform in the job. There is also exceptions for the organization that needs to go one to two steps beyond midpoint to relieve compensation compression issues. This policy applies all non-union employees with the hope that union negotiators will transition to using Milliman as their view of "market", as it's an easy scale that runs across all positions. General Manager Prairie gave the history on how the utility had spent five years addressing a disjointed pay structure for a union/non-union utility and how it didn't fit with the City metrics with regard to competitive hiring. The utility struggled with being competitive, especially in hiring engineers and other specialized positions. The components of the new policy are market-based compensation that compensates an employee based upon their performance in the job, which is a better system to fairly compensate employees. Performance evaluations are an important tool to show employees where they are at and where they should be headed. He stated that the policy is already in place and he would like to move it to a board policy and take it to a vote at the February 2019 board meeting. Councilmember Freeman added that he agreed that in his experience being a former City employee, that the City policy also caused compression in other departments. There was more discussion. In conclusion, General Manager Prairie stated that about 50 percent of the industry uses the Milliman scale because it is true industry pay. There will be wage adjustment talks in April and May and the utility will adjust non-union employees in May to coincide with the union contract in May. Moving forward, at least every three years, every individual job will be evaluated and adjusted to market. If an employee after a market review is found to be over market their compensation will be frozen until it comes back in line with the market.

Naming for New Substation Discussion:

General Manager Prairie stated that former General Manager Flowers wanted to name the new substation after Jeff Paine. Substations are typically named after people involved in the utility or based off of the geographic surroundings. This will be brought to the board for to take action on the item at a later date. There was general discussion and agreement on the idea.

Bonneville Power Administration Transmission Rate Case Settlement Discussion:

General Manager Prairie chose to skip this discussion as there is no increase at present. Power rates are going through a rate increase process and he will update the board as information continues to be available.

Electric Vehicle Programs and Opportunities Discussion:

Energy Analyst Wilhelm gave a presentation on the cost analysis and feasibility of using electric vehicles within the City, particularly with TRPTA. Ultimately, it didn't prove cost-effective. She stated that there is the Volkswagen (VW) Grant available from the state for 1.6 million dollars to build out the electric vehicle infrastructure. The City of Idaho Falls would likely not qualify for this grant because the City has Electrify America at Walmart, which is already part of the VW settlement fund money. Those funds are established to connect Idaho to surrounding states.

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Idaho Falls Power is in the sixth month of their Commercial Chargers Lease Program, where customers can lease a charging station for \$20 per month from IFP. As yet, there are no participants and very little interest within the City. IFP sent flyers to all business customers this summer promoting the new program. Below are some cost analysis details for TRPTA, Idaho State University, electric vehicles in the marketplace, and barriers entering the electric vehicle market.

TRPTA electrification is not cost-effective and the minimum incremental cost on the bus purchase alone is \$200,000; not including chargers, land, electric infrastructure, etc.

- The average bus runs 38,613 miles per year; Average fuel cost – gasoline is \$16,934.56 per year; Average extended range electric bus fuel cost - \$15,505.93 per year; Demand charge alone is \$12,480; 10-year savings of \$15,686.23; 81-218 mile range (most likely choice for TRPTA)
- Standard electric bus (not extended range) fuel cost \$9,505.93 per year; Demand charge is 6,720 per year; 10-year savings of \$74,286.31; 33-79 mile range (won't work for TRPTA)

Idaho State University is interested in obtaining VW grant money for a new bus; most likely replacing old buses with diesel which is allowed under VW.

- Existing busses are model year 1983 with a 1993 engine; not likely a great application because of measure of life issue; measure of life is only four years
- Annual fuel costs for a new diesel bus \$6,264.06; Annual fuel costs for Electric bus \$8,829.84 (\$7,560 demand, 1,269.84 energy)

Electric Vehicles in the Marketplace – In 2017 there were 200,000 Battery Electric Vehicle and Plug-in Hybrid Electric Vehicles sold in the US. In the same year, there were 17,340,700 total vehicles sold in the US. California is leading the country in electric vehicle sales with an executive order sales quota by 2030.

- \$2.5 billion investment to bring 250,000 charging stations and 200 hydrogen fueling stations to the state by 2025
- Offers of \$1,500 - \$2,500 incentives for purchase
- HOV lane exemption

Barriers to Entry in the Electric Vehicle Market:

- Gasoline prices falling – cost for public charging (people keep a car on average 6 years)
- Demand charge is significant associated with charging (large vehicles) – at \$9.00/kWh, TRPTA faces a \$12,480 per year demand cost – which would buy 4,091.80 gallons of gas (73% of their budget for just one bus)
- Lack of skilled mechanics for all electric transportation and no good options for training (the City has had some conversations with the College of Eastern Idaho about this need)
- Limited availability of AWD, SUV and Family sized electric vehicles (SUV's are very cost prohibitive)
- Rapidly changing electric vehicle fueling infrastructure
- General discontent with electric vehicles in our region
- Rapidly Changing Charging Infrastructure – with low demand it's unclear if a business will recuperate the costs of charging units before they become obsolete

Charging Costs:

- Home charging \$0.0625/kWh (\$3.75 per fill)
- Public Station Charging – Blink range between \$0.39/kWh - \$0.79/kWh; Charge Point rates are determined by property manager; EVGO \$.20 per minute

Charging versus Gasoline:

- Chevy Bolt – 60kWh battery; 238 mile range; \$23.40 - \$47.40 per fill (Blink); on average \$.10-\$.20 per mile
- Subaru – 400 Mile range; \$43.00 per fill (depending on gas prices); on average \$.11 per mile

Idaho National Laboratory (INL) Research Engineer Shirk gave a brief presentation on the testing and research being performed at the Department of Energy. He highlighted a few of the bigger issues as being: big projects; smart mobility; fast charging stations could be vulnerable to cyber security; fast charging to reduce impact on grid, battery performance testing; pickup batteries weigh too much, how to not have a cord at high power charging stations, home/work charging, workplace charging very good option for reliability where the rates are well understood, electric

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vehicles in cold weather use more gas to run the heater – but then you sacrifice range. In summary, the batteries are the biggest barrier to widespread adoption. A brief discussion followed. Mayor Casper stated that until we see more local demand, we may not be moving forward with more buildouts.

There being no further business, the meeting adjourned at 8:55 a.m.

s/ Linda Lundquist
EXECUTIVE ASSISTANT

s/ Rebecca L. Noah Casper
MAYOR