

February 25, 2021

The Idaho Falls Power Board of the City of Idaho Falls met Thursday, February 25, 2021, at the Idaho Falls Power Energy Center, 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
Board Member Michelle Ziel-Dingman (via Zoom)
Board Member Thomas Hally
Board Member Jim Francis
Board Member Jim Freeman (via Zoom)
Board Member John Radford (via Zoom)
Board Member Shelly Smede

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager
Stephen Boorman, IFP Assistant General Manager
Randy Fife, City Attorney
Mike Squires, UAMPS Director of Governmental Affairs (via Zoom)
Mark Reed, IFP Generation Superintendent
Syeda Aziz, Traffic Engineer
Linda Lundquist, IFP Board Secretary

Mayor Casper called the meeting to order at 7:01 a.m. She reminded the Board of the upcoming virtual American Public Power Association's (APPA) Annual Legislative Rally, which includes congressional delegation meetings. General Manager (GM) Prairie reminded the Board to review the slide deck included in the packet of Congressman Simpson's Plan. Mayor Casper mentioned that Idaho's Governor and Speaker of the House appeared tentative and less open to change in response to the plan. GM Prairie said that several utility resource planners have been working to analyze and give data to the Simpson concept, and pointed out that the models are showing that to replace the generation capacity of the four lower snake dams is around \$16 billion. Some anti-dam groups are saying they can be replaced for around \$5 billion and these values are simply not based in fact. Board Member Radford added that salmon related costs in Bonneville Power Administration (BPA) rates that we pay are about thirteen cents (\$.13) on every dollar and this is with us only supplying around sixty percent (60%) of energy from BPA. GM Prairie announced that there is a group of utilities working on a joint letter to request that federal legislators look more closely at the issue and problem. GM Prairie explained the difference between Texas' production versus capacity. That annual energy production versus capacity to keep the lights on 8,760 hours a year is different. Mayor Casper pointed out that short-term thinking is a problem and reminded the Board to be thinking in the long-term. She added that it would be good to invite the IFP Energy Services Manager in to help set some broad green goals.

Board Member Updates and Announcements

Board Member Radford announced that APPA Policy Makers Council will be holding meetings next week and reiterated the importance of attending the virtual congressional meetings. He added that he appreciated the opportunity to tour the Curtiss-Wright facility.

Board Self-Evaluation

GM Prairie reviewed a "Who Governs Public Power?" handout and pointed out that the Board is in the middle of the "normal" range for APPA utilities for board compensation since it was questioned in a

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previous board meeting on what the right amount should be. He picked up the discussion from last month starting with the Policy & Law section of the evaluation survey. Board Member Hally stated that the Board's disadvantage is turning over board members and training new board members about the complexities of serving on a utility board. Mayor Casper pointed out that the city is fortunate to hold staggered elections, because it lends more continuity to the Board. Board Member Francis brought up a comment that was made referring to policies the Board haven't yet considered and wondered if the comment was referring to creating a policy for the Carbon Free Power Project (CFPP) and GM Prairie said that most of that discussion goes into strategic planning. That is a strategic discussion likely and not a policy decision, would be his suggestion. Mayor Casper agreed that bullet point three was a good one, which references discussions the Board engaged in over the CFPP. GM Prairie addressed questions about the audit. He gave a historical reference as to why the city is currently using the same auditor as the utility and added that an auditor will be presenting at the March Board meeting. Mayor Casper agreed that Moss Adams is holding the city to rigorous standards. Board Member Radford mentioned his concerns about auditor selection and not having more control and City Attorney Fife pointed out that Board Members are also City Council Members in terms of auditor selection. There was a short discussion about requests for qualifications (RFQs) and how firms were qualified to conduct the city audit four years ago when Moss won the RFQ/RFP process. Likely there will be another RFQ process this year or next and the finance committee will likely run this process of which Council Member Hally is a representative on. The Council approves all of these processes and contracts, and like last time, they always have final say. GM Prairie said that succession planning is an important strategy and is discussed annually in Board meetings, which will be covered in March. Good comments overall were made in the survey and GM Prairie said that the Board's silence will be taken as agreeance and acceptance. Board Member Francis commented that he would like to see a more descriptive option than "neutral" for next year. GM Prairie encouraged the Board to participate in the annual survey review in November for the opportunity to revise survey questions and/or format including ranking methodology. He reminded everyone that we did that this year and since there was little input, staff took this as acceptance of the format.

Federal Legislative Update

Utah Associated Municipal Power Systems' (UAMPS) Director of Governmental Affairs Mike Squires, who serves in the role of government relations for UAMPS and also serves as the utility's federal legislative advisor, began his presentation announcing that the City of Idaho Falls was recognized as the best performing city within a small metropolitan area, according a study by the Milken Institute. He talked about the recent 2020 U.S. election and explained the power sharing agreement in the Senate. Mr. Squires highlighted the new Administration's priorities and said that energy and climate change will be a priority for the Biden Administration and noted that the democrat's aggressive clean energy goals likely won't be met. He continued to say that redistricting will occur with the results of the 2020 Census and noted that the Republicans have an advantage because they have control over both chambers in 29 states. In addition, he noted that people appear to be relocating to Republican lead states. GM Prairie announced Biden Administration's appointment of Jamie Pinkham, a Nez Perce tribal member who will oversee the U.S. Army Corps of Engineers; a first time appointment of a Nez Perce tribal member and also a first time non-military appointment to this position. He continued to say that his interactions with Mr. Pinkham have always been professional and respectful and generally the region as he has heard, looks forward to having a Northwest focused person in this role. Mr. Squires gave a budget update and said to anticipate support for the Small Modular Reactor (SMR) out of appropriations. Board Member Hally mentioned how the recent Texas power outage may lead to serious ramifications and change in political leadership. Mr. Squires agreed that things haven't been good for the Republican leadership in Texas. Mayor Casper asked if there was an explanation why Governor Abbott of Texas would cast dispersion on climate change and Mr. Squires responded that the governor is in a difficult position and appears to be on the defensive since the days of

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the energy crisis combined with the state's change in leadership over the years. GM Prairie explained how two extreme responses to recent weather events in California and Texas, both resulted in customers being left without electricity and he implored that the answer to the problem is coming together in the middle.

Traffic System Overview and Upgrades

Generation Superintendent Mark Reed showed a traffic system overview map and explained the existing system and agreements that are in place. He said that while funding for traffic isn't a function of electric, it makes sense to work closely with public works since traffic is supported through electric. He added that an improved working partnership has made for better capital planning. He explained the purpose of the Hawk signals and how they function. Mr. Reed said that Idaho Transportation Department (ITD) is revising their maintenance agreement and will be adding more intersections, which will result in better traffic flow. IFP will take over the operations and maintenance of those intersections, which will be paid for by ITD. Board Member Hally mentioned all the new construction that is going on in the Hitt and Sunnyside corridor and noted that a Sunday coordination may become necessary. Mr. Reed said that since traffic volumes have increased, a study in the area is overdue. He said that fiber has been run to all city intersections and to expect a capital request to run additional fiber to the intersection of Broadway and Yellowstone. He said that cameras have been installed at most intersections and explained how the new software allows IFP to deal with real-time issues and is able to provide studies throughout the year instead of waiting and paying for an expensive 5-year study like the signal coordination studies that can run upwards of \$250,000. Mr. Reed added that this software will be helpful to make more real-time changes for summer construction.

Traffic Engineer Dr. Syeda Aziz explained how IFP is looking at all corridors with GridSmart camera technology and will focus on the 17th street corridor, especially at the busy intersections of Hitt and Channing. She explained how the improved software and cameras can enhance traffic performance and mentioned there will be a different plan for each of the weekend days and added that eventually data from all intersections will be available for optimizing and the retiming lights. Board Member Hally mentioned the benefits of all intersections connected to fiber and Mr. Reed said that IFP is prioritizing busy intersections first because the cost of installing and maintaining cameras is between \$20,000 and \$24,000. Board Member Freeman asked if the software collects Global Positioning System (GPS) data as vehicles pass by and Dr. Aziz said that IFP is mostly looking at signal timing for now, but will eventually expand the software. Mr. Reed added that the next step in technology will likely be blue tooth that will potentially follow a car as it travels from Capital to Hitt. Mayor Casper said that the utility may want to pre-budget for the expected increased growth once the Interstate 15 and State 20 exchange is complete. GM Prairie said that budgeting takes a 5-year look and Attorney Fife said one idea would be to weave impact fees into traffic.

Annual Service Policy

Assistant General Manager (AGM) Boorman explained that the purpose of this living document is so the utility has a tool to communicate with customers, and noted that it is reviewed annually for possible updates, additions and clarifications. He said that flexibility has been added for developers that prefer to handle their own design and construction. Mayor Casper said it is helpful to see the changes through the dialog boxes in the proposed version. GM Prairie expressed how helpful it is to have a user friendly tool and how AGM Boorman has done a great job cleaning up the document and to expect a resolution coming to Council for approval in the next few weeks. Board Member Francis referenced page 60 and asked for clarification on what point the customer owns the wire. AGM Boorman replied that the city owns wire up the meter base on residential and customers own the wire from the transformer to the building for commercial.

Pole Attachment Agreements

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AGM Boorman explained that the two largest joint-use agreements need to be renegotiated on the issues of rates and pole ownership after replacement. He said the plan is to complete negotiations with Century Link first and then negotiate with Sparklight. Mayor Casper asked for clarification on the ramifications of bringing Sparklight's franchise agreement into a joint-use agreement and AGM Boorman pointed out that the utility and Sparklight have two agreements and that IFP is just looking to renegotiate the joint-use agreement. He added that both agreements are outdated and prices are not reflective of actual costs or industry standards.

Board Policy No. 2 & 3

GM Prairie said he noticed some cross-over between policies two (2) and three (3). He summed up that policy two (2) clarifies that the Mayor serves as Board Chair and that the policy defines how the board is created and carries out its duties. He cleaned up policy three (3) to make it more training-centric and pointed out that policy three (3) serves more as a training guide for the board. He reminded the Board to add comments and changes in the redlined versions of both policies and send back to him prior to the next meeting so they could be added as action items to the agenda.

Utility Reports

Texas Power Outages – GM Prairie reviewed the Electric Reliability Council of Texas (ERCOT) Reliability report by Kellerman and McCullough and said that Mr. McCullough points out that both California and Texas knew about probable grid issues, but didn't take needed preparedness action. GM Prairie said that states are not balancing the power grids and noted that historically, policy makers have pushed for deregulation and how interesting it is that the most deregulated states and markets are having the most problems now keeping the lights on. He explained the technology gap between coal and future generation and noted that if you're caught short on generation, to expect more rolling blackouts if your region is experiencing a weather event. Board Member Hally commented that a number of ERCOT board members resigned (who live outside of Texas) and pointed out that the costs will likely be passed on to the customers. GM Prairie compared the difference between IFP taking all the risk to stabilize customer billing versus Texas customers taking all the risk in assuming a low-cost service provider. He added that the ERCOT's market price cap is \$9,000 MWh, and noted that the customer usually pays at the retail level \$60 MWh or .06 cents a KWh. He explained that customers do have options in Texas to either pay a fixed price throughout the year, or a fluctuating market price with their service providers and unfortunately, some Texas customers paying market price, got caught-up in an extreme weather event. He pointed out that the market reacts accordingly. Board Member Francis asked how this information is best applied to IFP and does this change the GM's vision for a gas-peaking power plant? GM Prairie said that a natural gas-peaking power plant could provide an added insurance policy; if even for a one-time possibility or eventuality and noted, that time is of the essence. Board Member Radford asked for an example of what an extreme event would be for the utility. GM Prairie stated that there's not an issue if temperatures drop well below zero in Idaho Falls, but clarified that it's a different situation if the entire Northwest is thrown into a deep freeze or extreme prolonged heatwave. He explained that in widespread, extreme weather events, there's simply not enough energy in the grid as we continue to retire coal plants everywhere and natural gas peaking plants in California. GM Prairie requested that the Board read the additional packet information on the topic.

Organizational Membership Reports

UAMPS – GM Prairie asked the Board to review the Sodium and X-energy information included in the packet. Board Member Freeman asked if coal plants are converting to SMRs and GM Prairie said if transmission lines are there then they are good potential sites for an SMR due to this transmission infrastructure and workforce potentially. The actual power plant itself would be all new, it just comes down to land, substations and wires that are there already.

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Announcements

GM Prairie reminded the Board to review the fiber construction updates and to read through the rest of the packet, as some of the material may be part of the March discussion. He anticipates that there will be more dialog on Congressman Simpson's proposal and to expect more information to come.

There being no further business, the meeting adjourned at 11:00 a.m.

s/ Linda Lundquist _____

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper _____

Rebecca L. Noah Casper, MAYOR