

**March 8, 2023**

The Idaho Falls Power Board of the City of Idaho Falls met Wednesday, March 8, 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, Ph.D.  
Board Member Michelle Ziel-Dingman  
Board Member Tom Hally  
Board Member Jim Francis  
Board Member Jim Freeman  
Board Member Lisa Burtenshaw  
Board Member John Radford (joined via Zoom at 7:50 a.m.)

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager  
Stephen Boorman, IFP Assistant General Manager  
Wilson Lin, IFP Engineer  
Mike Squires, Utah Associated Municipal Power Systems (UAMPS) Director of Government Affairs  
Josh Roos, IFP Chief Financial Officer  
Lorna Planesi, City Accountant III  
Randy Fife, City of Idaho Falls Attorney  
Linda Lundquist, IFP Board Secretary

Mayor Casper called the meeting to order at 7:49 a.m.

Calendar, Announcements, Events and Updates

Mayor Casper reviewed the April announcements and upcoming events. Board Members Radford and Freeman gave an update on their recent, annual American Public Power Association (APPA) Legislative Rally event in Washington D.C., where much of the conversation was focused on the difficulty of funneling federal dollars down to local projects. Board Member Radford said he feels there's a general feeling that D.C. is supportive of nuclear projects and pointed out that the Vogtle plant in Georgia has one of their two units up and running. He asked how IFP is marketing the clean energy program and General Manager (GM) Prairie said that mailers were sent to all commercial accounts stipulating a four percent (4%) premium and noted that unfortunately, there were no responses to the mailing. He explained how energy credits that don't get used locally are sold off in other regions and pointed out that although the Idaho National Laboratory (INL) has big net zero goals, they aren't participating in our clean energy program. Mayor Casper and Board Member Radford said they don't recall seeing clean energy advertising and Board Member Radford suggested putting flyers in with the power bills. Board Member Burtenshaw said she prefers to sell the credits and Board Member Radford said he thinks that some customers would opt-in at a premium if they knew more about the program. GM Prairie said in addition to the mailers, that he plans on promoting clean energy programs with the Zamboni at the Mountain America Center (MAC) among other ways and means. He continued to explain that the power prices remain high with a lot of market volatility, and pointed out that it was good to have purchased energy for this summer at last spring's pricing (\$169 MWh) from the Bonneville Power Administration (BPA). He noted that the BPA energy rates on the tier 2 level are about \$30 less per megawatt hour (MWh) than purchasing through Utah Associated Municipal Power Systems (UAMPS). GM Prairie said that transformers are made of steel and when they're at the end of their use, instead of sending them for scrap metal, they are instead refurbished and put back into use. Board Member Freeman asked how the weight and size of transformers impacts poles and GM Prairie said that bigger poles and pads are required with heavier transformers, which also means taking up more space in customer's

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yards. AGM Boorman mentioned that the 2011-12 Horse Butte wind farm is reaching the cost curve of its benefit analysis.

#### Annual Service Policy Review

IFP Engineer Wilson Lin stated that the IFP Service Policy is updated annually and explained that this year's updating was mostly refining definitions and clarifying utility expectations, specific to builders and the public. He added that the utility is continuing to incorporate fiber requirements into policy standards. There was a short discussion about the updated sections. Board Member Burtenshaw asked how updates to the policy is communicated and GM Prairie explained that construction kickoff meetings are held at IFP where contractors are provided copies of the policy if requested and they are encouraged to ask questions about the changes or policy itself. Mr. Wilson said there has been an uptick in solar pricing requests and GM Prairie explained that customers are required to meet with IFP staff prior to installation, to ensure they are not oversizing their system and can meet IFP's net metering requirements and expressed that he prefers customers investing in solar compared to the utility investing in large solar farms.

#### Bonneville Power Administration Post 2028 Contract Negotiation Update

GM Prairie reviewed the Provider of Choice timeline for the BPA contract and explained that ongoing meetings in Portland, Oregon are between BPA its 120+ regional preference customers to negotiate a 20-year contract that meets each of their own system needs. Public Power Council (PPC) represents preference customers to BPA. Not all customers belong to PPC but they work to represent all of public power interests in the basin to BPA. There are 20 members in the PPC Executive Group that formed an ad hoc group to find consensus recommendations on behalf of public power to BPA. GM Prairie emphasized that the importance of the new contract to IFP is an estimated \$700 million value over 20 years, that has/should going forward, roughly provide sixty percent (60%) of the city's power supply at an average price of \$35 MWh historically, which is *very* low dispatchable carbon free power. He pointed out various complexities with IFP's system, that the BPA Tier 1 system size is finite and that BPA's system is not growing enough to meet the region's customer's needs; let alone the region's industrial, new load and investor-owned customers that all want access to power. GM Prairie said he is concerned that BPA doesn't like the SLICE product and it appears to be getting stripped out of the new contract and may not be financially and/or operationally viable with regard to meeting peak net requirements. He explained that *load following* products aren't good for IFP because they are historically more expensive due to resource integration costs and reiterated that IFP already has load balancing services from UAMPS. GM Prairie said the world may look very different in 10 years with new regional transmission organizations (RTOs), etc., but that the contract needs to be durable over those first ten years. Board Member Francis asked if he expects IFP to lose the SLICE component in the new contract and GM Prairie said there will likely be wins/loses. He said that BPA has all the power and authority since wholesale markets remain high and noted the customers moving from traditional carbon based resources are willing to pay up to \$80 MWh for dispatchable carbon free resources. Board Member Hally asked the cost of building other resources and GM Prairie said the margins are \$60-65 MWh for battery paired with 4-hour battery storage and \$40-45 MWh for solar or wind. He said that energy is a fundamental component in the economy and that the industry thinks technology will solve the issues but we need to be thoughtful to maintain reliability and economic affordability.

#### International Brotherhood of Electrical Workers (IBEW) Negotiation Update

GM Prairie said his goal is to bring a union contract to vote on at the next Board meeting and explained that he plans to hold two to three meetings with the union's negotiators and their union manager from Salt Lake City, Utah between now then; kicking off this afternoon with the first meeting. He reminded the Board of the good relations between IFP management and the union since he has been involved in the negotiations. GM Prairie said they continue to focus on clarifying business practices and communication. Board Member Hally asked if the negotiators brings wage statistics to the meetings and GM Prairie said that the union agreed to follow the Milliman market survey so that the market sets what their labor is worth and said he

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wanted to make sure that the labor paid is fair in the market. Mayor Casper invited City Attorney Fife to explain the Board's role in the negotiation meetings and Mr. Fife explained that the Mayor and City Council (Board) act in an advisory capacity and are not directly associated with the negotiations until the contract is voted on. GM Prairie acknowledged that the meetings are open to the public but with no opportunity to participate, and explained that employees are welcome to attend on their own time.

### Federal Legislative Update

Mike Squires, UAMPS' Director of Government Affairs gave an overview of the federal budgeting session, congressional committee assignments and noted top issues to watch for. He said he thought support was positive in both chambers for the Carbon Free Power Project (CFPP), which is only one of many funding priorities and feels there is a general acceptance from even those that have championed clean energy standards in the past. He added that transmission, critical minerals, and hydropower could be bipartisan issues. Regarding the permitting reform, he asked what IFP's hydropower relicensing timeline was and GM Prairie said that the normal process takes 10-12 years and noted that Idaho Power Company, in Boise is relicensing 1800 megawatts (MW) at 3 dams and are still in the process that was initiated in 2003. He said he has concerns due to experiences by other utilities as IFP is entering its own renewal process.

### Board Policy No. 5 Review – Financial Stability & Credit Worthiness

GM Prairie explained that he prefers to tie this policy into the annual report and reminded the Board that when reviewed last year, the fund balance was increased from \$20 million to \$25 million. He reviewed the Board's and Management's responsibilities and IFP's reporting requirements and doesn't recommend any changes this year but advised the Board to let him know over the next month if they want to bring any items back to the next meeting for further review.

### Q1 Financials/Annual Report/2022 Operations

Lorna Planesi, City Accountant III said the audited financials are expected next month. She reported that the cash on hand is \$2.5 million. She pointed out a decrease in fixed assets due to open work orders that have since been closed. Board Member Ziel-Dingman asked to have the net pension asset liability explained and Ms. Planesi said the auditors wanted pensions accounted for as of Sept. 30, 2022 and noted that the city's pension had dropped and was only booked for September 2022. She pointed out that it was a recognized and not realized item. GM Prairie said it's a strange factoid and pointed out that it doesn't pertain the Public Retirement System of Idaho (PERSI). He said that sometimes in corporate pension plans when people retire, they have the option for an annuity or lump sum payment and based on interest rates and future rates of return, the payment could go down causing weird outcomes. Ms. Planesi continued to review the balance sheet for IFP and reminded the Board that what is reflected is merely a snapshot of revenue and expenses throughout the year. She pointed out that the accounts receivable seems in line with the prior years' and noted that the power purchase payables had slightly increased due to higher energy costs. Board Member Radford said he thought the Sugarmill to Paine project was more than \$20 million and GM Prairie explained that was IFP's portion to fund the feeder line but that the total project cost was closer to \$27 million with PacifiCorp paying up to around \$7 million as a partner on the line component. Ms. Planesi said that residential revenues increased by eight percent (8%) and commercial by six percent (6%) and pointed out that the overall position at the end of twelve months is up three percent (3%) despite income being slightly down. She noted that IFP is putting money into big capital projects and GM Prairie agreed that the last three years and next several years will be IFP's largest capital expansion in 30 years. Ms. Planesi explained that the fiber to home project has been ramping up with a lot of outgoing dollars as some projects finish up with the current liabilities sitting at \$1.3 million. GM Prairie reminded the Board that fiber will pay back power with interest (\$16-17 million) and noted that fiber is in its last year of major expansion and noted that while fiber was a big capital project up front that the business is highly lucrative, and noted he would like to drive down connection costs. He said fiber has passed its 5000<sup>th</sup> customer and have passed by 15,000 homes and noted the take rate lags by about a year. Ms. Planesi said that fiber's net position has

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decreased but pointed out the revenue is up. GM Prairie pointed out that the internet service providers are charged \$5,000 per month to be on the network. He said that salaries have increased and positions have been added, but everything is quite in line with what was anticipated. Board Member Hally asked if infrastructure is depreciated and GM Prairie said it is. Mayor Casper asked if there are any grants coming to fiber and GM Prairie said there are ongoing efforts to capture grant dollars and noted his frustration with the process as fiber is wrapping up this year and is his understanding that grants have to be received before buildout is complete.

GM Prairie reviewed IFP's peak load over the last 12 years and noted a five percent (5%) customer growth over the last year, due in part to the large Rocky Mountain Power (RMP) customer buyout and said that it was a lot of work to get 720 customers cut over and pointed out that 92% of these new customers will end up ahead on their bills. Board Member Burtenshaw asked if the numbers for 2014-19 reflect conservation efforts and GM Prairie said yes and added that some was also due to natural gas, but pointed out that now we're seeing a lot of electric heavy load as some new homes and apartments are being constructed all electric. He said the insurance market continues to stabilize and is looking good for this year's renewal and noted insurance companies have a lot of terrorism exclusions. GM Prairie said the utility is focused on cyber security and continues to move things from fiber relays to the fiber network. He said that BPA power supply costs were higher than budgeted but will dial in a better model for next year's forecasting, but pointed out that wholesale purchases were under forecasted, so the budget is right on track. Board Member Burtenshaw asked if this was reflective of a critical water year and GM Prairie said that revenue is set on critical water basis, but that rates are set more on an average water basis (cost of service not actual), and that knowing the power cost adjustment (PCA) element to factor in. He noted the PCA was \$0 again due to the newer fund balance requirement of \$25 million (which is a bit over). He said that September 2022 was really good, but that November and December reflected a bad water year and needed more money. He explained the zeros for the lower generation and that 2023 would be zeros for the Upper Plant as the runner hub will be getting refurbished. GM Prairie explained that we're still short in the winter as the heavy load position generally shows the region and nation is short on capacity. He reviewed the forward hedge BPA purchase in February at Mid-C Index plus \$33.55 to lock in the price exposure. GM Prairie said he's been investing heavily in traffic and noted traffic is a general fund obligation. He compared the fund balance targets to actual. He reviewed the labor trends and noted that wages continue to move fast and upward (especially in the electric utility industry) and noted that infrastructure money causes more upward wage pressure and demand for labor. GM Prairie said he is noticing that employees aren't sticking around once they reach retirement eligibility and that younger employees are exploring multiple job opportunities. He mentioned the engineering staff risks and current hiring struggles and talked about the success of the apprentice program, noting the industry dropout rate is about two thirds. He said there is around a 12-15% turnover rate in the utility with the front desk turning over twice in the last year alone. GM Prairie said in looking ahead, that market-based salaries helps to recruit and retain a good labor force, but noted that with utility jobs being highly technical that the utility ends up being a mid-career place to work, but plans to keep the organization chart fluid to accommodate talent. He talked about succession planning and said his areas of focus are employee morale, workforce changes and training. Mayor Casper agreed that supervisors need better training to support their employees.

There being no further business, the meeting adjourned at 11:50 a.m.

s/ Linda Lundquist

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper

Rebecca L. Noah Casper, MAYOR