

April 13, 2022

The Idaho Falls Power Board of the City of Idaho Falls met Wednesday, April 13, 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

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 (arrived at 7:51 a.m.)

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager

Stephen Boorman, IFP Assistant General Manager

Randy Fife, City Attorney

Jason Cooper, IFP Senior Civil Engineer – CDSE

Mark Reed, IFP Generation Superintendent

Linda Lundquist, Executive Assistant

Mayor Casper called the meeting to order at 7:47 a.m.

Calendar Announcements, Events and Updates

Mayor Casper commented that the Broadband Advisory Committee does not seem to be getting projects funded at a very fast pace. She said that Idaho Department of Commerce Director Kealey will visit Idaho Falls Power this week for a briefing and tour of the utility's fiber optic installation process. Mayor Casper continued to say that she attended the U. S. Nuclear Industry Council's (USNIC) Ninth Advanced Reactors Summit where there was much discussion on the challenges of new nuclear contracts and construction. Board Member Francis said he had been hearing that transmission may be an issue keeping entities from signing letters of agreement. Board Member Hally questioned if NuScale was having a public offering and Mayor Casper concurred that they are going public, but that no specific dates have been set. She also said that NuScale has had some contractual success overseas; particular to South Korea but noted that contracts seem to be held up in the Nuclear Reactor Council (NRC). There was a discussion about the lengthy process of building and licensing nuclear plants and how energy security as evidenced in Europe has changed the strategy for sole reliance on renewable energy.

Board Member Radford reported that the American Public Power Association (APPA) Policy Makers Council's focus remains on supply chain issues for electrical equipment and pointed out that transformers take over a year for delivery, where it used to take three months. Assistant General Manager (AGM) Boorman said that paying a premium may lessen delivery time and added that while IFP has done a good job getting equipment ordered ahead of schedule, he noted his concerns with so many new multi-family units where more transformers, meters, etc. are needed. Board Member Radford said there is some discussion in congress to mandate transformer production and GM Prairie commented how it put a wrinkle in things when the Trump Administration mandated no foreign chips. AGM Boorman noted that manufactures in the construction industry have been rationing orders so that everyone has a fair chance for equipment. There was a discussion on cyber security and solar storm concerns. Board Member Radford said that public utilities may need to put off non-essential work due to supply chain issues. When two board

April 13, 2022

members commented that there was no parking this morning in the IFP lot, AGM Boorman said that parking and truck space continues to be an issue at IFP and noted that the water tank project is expected to increase the congestion. Regarding the water tank project, Board Member Radford said he would like to see the tree remain in the median between the library and IFP and AGM Boorman noted the issue with that tree is that the roots are growing in the building's sewer line.

GM Prairie reviewed the proposed topics for the May Board meeting and requested that the Board send topics of interest. He mentioned the Northwest Public Power Associations' (NWPPA) support to extend clean energy tax credits with a direct pay option for nonprofit utilities. He explained NWPPA's support for hydropower licensing reform and their request that Federal Energy Regulatory Commission (FERC) take the lead to avoid inconvenient and unnecessary licensing delays. He said that Idaho Power has been working on their relicensing for 20 years and pointed out that reform could impact IFP's relicensing in 2028. GM Prairie added that there could be some traction for reform in the next U. S. Congress. Board Member Francis asked if FERC was the obstacle and GM Prairie said that utilities would prefer FERC to be in charge. He said he had a positive meeting with Senator Murkowski in Washington D.C. who claims she has had success in getting the forest service to work with utilities to better manage the forest system.

2022/23 IBEW Agreement Review

GM Prairie said roughly half of the utility is covered by the union contract and AGM Boorman pointed out the negotiations ran very smoothly due to some pre-negotiation conversations between Mr. Prairie and the International Brotherhood of Electrical Workers (IBEW) business manager. GM Prairie reminded the Board that the union agreed to use the Milliman study for five years, three years ago and pointed out that most of the focus this year was on pay scale and matching jobs to the Milliman study. He reminded the Board that the third year is where salaries get adjusted individually back to match Milliman. GM Prairie reviewed the union's requests that were agreed to and those which were not agreed to in the negotiation. There was a discussion about various shifts, insurance and consistent terminology usage in the contract.

It was moved by Board member Radford and seconded by Board Member Freeman to approve the 2022/23 IBEW Agreement and give authorization for appropriate signatures. The motion passed with unanimous approval.

Generation Resource and Power Resource Advisory Committee Update

GM Prairie stated that after reviewing applications with Mayor Casper and due to the few applications received, they recommend proceeding without forming a committee and instead focusing on forums and community outreach events. Mayor Casper added that gas peaking is a common issue for everyone moving from carbon output. GM Prairie explained how key customers like Bush Agriculture have aggressive corporate goals for their energy use and sustainability and are creative in their approach, serving as leaders in the community. Mayor Casper thought it might be good to invite them and others to Board meetings and forums. Board Member Freeman said IFP was in a good position and agreed with the recommendation. There was general agreement this was the right direction with no one voicing dissent in not forming a committee.

GM Prairie talked about the request for information (RFI) that was released March 25 and Board Member Francis commented that the RFI really captured what the utility is going for and thought it could make a sufficient white paper. GM Prairie gave credit to folks at Idaho National Laboratory (INL) and IFP Hydropower & Utility Regulatory Compliance Manager Richard Malloy for crafting the RFI and plans to use it to inform the request for quotes (RFQ). He said with no preconceived outcomes that there might come a nice mix of potential opportunities to build a plant. Mayor Casper asked how the Utah partners feel about

April 13, 2022

the approach and GM Prairie stated they are in alignment. He commented that Palo Verde's market for July and August is \$250 per megawatt hour (Mwh) and talked about the surplus energy sales and hedging the market. There was a discussion about probable costs of building a peaking plant amid supply chain issues and GM Prairie stated his concern was delays, cost over runs and supply chain issues that could potentially more than double the cost of construction. He reminded the Board that the Financial and Stability policy states if the utility drops below \$18 million, then rates can be raised on an emergency basis. He said that other utilities are experimenting with interesting rate structures that capture more dollars for peak hour usage and said consumers of electricity are financially incentivized to consume resources wisely. GM Prairie pointed out in 2024 the utility will get GEM State back online for 15 MW all summer. Board Member Hally asked if power could be extended outside of the city and GM Prairie said that is not allowed by Electricity Service Stabilization Act (ESSA) in Idaho code, unless Rocky Mountain Power (RMP) agrees to it, which he explained would be highly unlikely in his view.

Strategic Plan and Capital Plan Review and Discussion

GM Prairie gave a high-level recap of the IFP 2021 strategic plan. Board Member Burtenshaw asked for clarification on customer confusion on service territory and GM Prairie said there is confusion as to where to sign up for utility service within the city. Board Member Freeman pointed out that customers are also confused by their bills and often do not realize their bill also includes water, sewer and trash. GM Prairie said that directors are continuing to focus on the accounting system and financial reporting. Board Member Francis thought it takes about two to three years to get a coordinated system in place and asked if the process could be sped up and GM Prairie said his understanding for a software company like National Information Solutions Cooperative's (NISC) go live implementation was about a year. Board Member Freeman asked if there are additional modules for each department and GM Prairie said the base cost ran about \$300,000. Board Member Burtenshaw said it would be her desire to have GM Prairie and Director Frederickson's acquiescence to move forward on obtaining the best software. GM Prairie said when purchasing complex software, it is prudent to consider available modules on the front end. Board Member Radford stated that due to the complexity of the software and current city systems, it may warrant hiring consultants and GM Prairie agreed and explained this was the intent with the consultants hired to look at work order processes as sort of a trial run for a larger software engagement for consulting services. He pointed out that the Municipal Services Director did hire a consultant (a separate one from the work order consultant) to help with the Cayenta upgrade implementation. GM Prairie noted that software continues to be his number one risk item and area where the city and IFP should be focusing. He continued to point out that there is still a need for office space, parking and truck bay storage. AGM Boorman mentioned a future remodel which would include a new server room and office space above a truck bay, and likely go in the area of the former water tower and be adjacent to the current administrative building. There was a discussion on the costs of adding to the current facility versus spending money to relocate where there is more space for future growth and GM Prairie reminded the Board that the generation building will always remain at the city plant because the hydro is onsite and added that the fiber hub is also located in the same building. GM Prairie moved through the strategic plan and reiterated that aging infrastructure, finances and the Bonneville contract remain a threat.

IFP Senior Civil Engineer Jason Cooper reviewed the progress of the plant refurbishment currently underway at the lower plant and maintenance and upgrade work that is scheduled into the next fiscal year for all plants; pointing out that some of the materials have been ordered and/or are already in the warehouse. He added, that to minimize taking plants offline, additional maintenance operations are conducted at the same time as the upgrades. IFP Generation Superintendent Mark Reed explained the plant's rewinding schedule and mentioned that there will be a contractor here next week to begin the five-year testing. He pointed out that aging parts are getting scarce to find and that outdated software is no longer being

April 13, 2022

supported. AGM Boorman referenced the bulb capital items and emphasized that based on the Capital Improvement Plan's (CIP) budget, the utility should be reinvesting about \$7 million into aging infrastructure annually. Board Member Ziel-Dingman asked if consultants are brought into the process and Mr. Cooper they are where appropriate, and AGM Boorman pointed out that consultants can be very specialized and noted that there is a limited list to select from. Board Member Freeman asked if consultants do different modeling on where water can come from, and Board Member Burtenshaw asked what the highest risk is that would break the budget. AGM Boorman said that rising power supply costs or a disaster or failure of the upper dam gates if the hydraulic system fails in a high-water situation. He continued to say that the York substation upgrade got slid to 2022/23 due to unsuccessfully obtaining easements, the availability of parts and issues at the Westside substation. Board Member Freeman asked about the feasibility of putting high powered lines underground and GM Prairie said the costs can run up to seven times as high that of overhead construction. He added that Lower Valley used Federal Emergency Management Agency (FEMA) money and they also contributed to the cost of overhead lines while residents paid a surcharge to build their underground lines. AGM Boorman said there are three H structures left in the downtown alleyways and he prefers to upgrade them in coordination with building upgrades but are not likely to compete one this year. Board Member Freeman asked if there was still one behind the Rogers Hotel and AGM Boorman said there is. GM Prairie talked about the difficulty in obtaining power easements and the cost and time-consuming process of cleaning up aging infrastructure purchased from RMP due to IFP's higher level of service and equipment. Board Member Freeman asked how many more smart meters need replacing, and GM Prairie said all the eligible meters had been replaced and the utility is now replacing the original smart meters with new ones so they will work with the outage management system (OMS). Board Member Hally asked if this is an ongoing budget item and GM Prairie said yes and that the utility is down to 21 customers on the opt-out list but pointed out that most of them have new meters with the radios turned off. Board Member Francis asked if the city fiber hub was still located with dispatch and GM Prairie said yes and once a new server room is built that the hub will be moved there and added that the utility is getting their equipment out of the 911 center. AGM Boorman said the fiber extension is a big growth project with the front desk processing roughly 40 new installation applications per week. Mr. Reed explained how the Blue Toad Traffic system works and added that the utility is moving forward on large, coordinated intersections, which will increase the ability to identify traffic impediments and help keep traffic flowing in real-time. AGM Boorman pointed out that many streets are under the control of the Idaho Transportation Department (ITD) and GM Prairie added that the utility is working to get those under city control. Mayor Casper pointed out the city's water meters do not use the same system as the electric meters. GM Prairie explained how the utility struggles with the AMI system and billing and explained that water metering has some complexity that electric metering does not. He talked about his concerns for cyber-attacks on the grid and there was a discussion on meter multipliers and the issues caused if not correct in the billing software system. Mayor Casper requested a substation map.

Organizational Reports

Idaho Power – GM Prairie said that Idaho Power was fined over \$1 million for failure to have Department of Environmental Quality (DEQ) discharge permits for their dams. He explained that they looked back at their projects and IFP might not have the proper permits either but will be engaging to see what is needed to maintain or come into compliance. City Attorney Fife explained how generally DEQ and Environmental Protection Agency (EPA) fines get assessed in the settlement and compliance process.

Utility Reports

Fiber – GM Prairie explained that some of the March figures were accidentally reported from December but reminded the Board to review the April figures as they are accurate. Board Member Radford asked if there had been any open houses and GM Prairie said yes and they had been very well attended. He continued

April 13, 2022

to review the charts and said there may be a need for a moratorium on the number of providers on the network. He explained the difference between the dark and lit fiber products and looked at the current maps of where fiber will be available next.

Announcements

GM Prairie reminded the board to review the Carbon Free Power Project (CFPP) in the packet. Board Member Francis asked if the INL press release was saying that the utility needs an ultra-capacitor to restart, and AGM Boardman said no it is not required but would lend more stability to the grid and explained how they would be integrated into the system. Board Member Radford said he would like to see the Board discussing capacity and airport parking and Board Member Freeman asked if there were new crypto customers and GM Prairie said he is providing pricing to specific requests but has not heard back from anyone wanting a contract and added that the bitcoin business is picking up across the country since they are no longer allowed in China.

There being no further business, the meeting adjourned at 11:47 a.m.

s/ Linda Lundquist

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper

Rebecca L. Noah Casper, MAYOR