

May 11, 2022

The Idaho Falls Power Board of the City of Idaho Falls met Wednesday, May 11, 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 (left at 12:01 p.m.), Board Member Michelle Ziel-Dingman (arrived at 7:51 a.m.), Board Member Thomas Hally, Board Member Jim Francis, Board Member Jim Freeman, Board Member John Radford and Board Member Lisa Burtenshaw.

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager

Stephen Boorman, IFP Assistant General Manager

Michael Kirkham, Assistant City Attorney

Mark Hagedorn, City Controller

Lorna Planesi, City Accountant

Wid Ritchie, IFP Energy Services Manager

Linda Lundquist, Executive Assistant

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

Calendar Announcements, Events and Updates

Mayor Casper gave a brief overview of her tour of the U. S. Department of Energy's (DOE) Waste Isolation Pilot Plant (WIPP) plant in Carlsbad, New Mexico. Board Member Radford gave a report from the American Public Power Association's (APPA) Policy Makers Council, emphasizing the consensus for a bill including tax credits that could pass by the end of the year. General Manager (GM) Prairie added that hydro relicensing reform is a big focus item this election season for IFP if Republicans take control with hydro reform potentially moving forward as a Republican initiative. Mayor Casper pointed out some upcoming Board training opportunities. GM Prairie mentioned he is working on resolutions to collapse Fund 15 into the electric light fund and remove IFP from maintenance equipment replacement fund (MERF). He pointed out the Wall Street Journal article about the electricity shortage on grid reliability and how North American Electric Reliability Corporation (NERC) is concerned about cyber-attacks on the electric grid. Board Member Radford commented that it is interesting how society is more reliant on technology to secure the grid and GM Prairie pointed out that people are realizing that renewable energies like wind and solar are intermittent. Board Member Burtenshaw added that brown outs have become a normalized conversation in California and now it's common for businesses and homeowners to own home generators due to such poor reliability. Board Member Radford stated that people may be ready for a bridge resource like the peaking plant we are pursuing. Assistant General Manager (AGM) Boorman stated that PacifiCorp proposed to increase rates by 25% because of the expense of new fire mitigation in Northern California.

Q2 Financial Report

Controller Mark Hagedorn reviewed power's statement of net position and noted that the utility accounts appear a little flat and have about a 21-day turn-around. Board Member Radford asked if the new policy has helped with collections and GM Prairie said it has because customers know they will be disconnected for nonpayment in the spring when the temperatures rise. This has resulted in lower delinquency rates. Board Member Radford asked if prepayment is still not possible due to Cayenta software limitation. GM Prairie responded that yes it is and said that he continues to be concerned about the stability and ability to check billing records currently and we have a very simple rate construct currently. Mr. Hagedorn agreed

May 11, 2022

that prepayment is a preferred payment option for customers that are routinely delinquent or don't have credit history. He continued to say that the interfund receivables is for the airport and fiber loans and noted that the airport expects to pay their loan back by the fall once their funding arrives and pointed out the interest to date is close to \$80,000. GM Prairie noted that the \$500,000 loan pledge to parks hasn't been charged yet. Mr. Hagedorn said the pension liability last year swung to an asset this year and is slightly over 100% funded. GM Prairie thought the cash and pooled cash appeared low and Mr. Hagedorn said he'd review it. GM Prairie noted that the inventory for fiber has increased to stay ahead of inflation and supply chain issues. Mr. Hagedorn noted that the utility's assets increased significantly due to construction-in-progress for the Paine substation and noted it will post later this year. He explained how power's payables are down due to the timing of when Utah Associated Municipal Power Systems' (UAMPS) power bills are received and noted there will be two bond payments due, one including interest. GM Prairie explained that it might be worth paying the union's retirement insurance as a onetime payout instead of dealing with the monthly accounting. Mr. Hagedorn reported that revenue is up and Board Member Freeman asked if the market-based adjustments consider other employment benefits and GM Prairie said that the Milliman study does have a benefits section and that he compares that to where the utility is and noted that the study reflects more vacation, gym benefits, etc. but feels the expenses are consistent. He said that expenses for the operations technology division has increased due to increased wages, Geographic Information Systems (GIS) systems and operational technology. Board Member Radford asked if IFP pays for the city's traffic engineer and GM Prairie said that position is paid out of the payment in lieu of taxes (PILOT) calculation that funds the traffic budget. No IFP rate payer funds go to paying for traffic system, including the traffic engineer.. Mr. Hagedorn stated that the interest payments for the bond and work orders will be moved into work in progress (WIP).

Mr. Hagedorn reviewed fiber's net position and pointed out a negative accounts receivable and noted he is working through an error and will correct it. He continued to point out that fiber inventory is increasing and Board Member Radford asked if the expansion is considered under work-in-progress and Mr. Hagedorn said yes and once finalized the work order closes and gets moved up into assets. GM Prairie asked how the utility is doing in closing out work orders and Mr. Hagedorn said that once the job order is closed by the warehouse, then finance closes the work order within 30-days. Board Member Hally asked how many fiber customers there are currently and GM Prairie indicated about 3,500 customers and Ms. Planesi said there are five or six fiber huts in work in progress. Mr. Hagedorn noted that accounts payables are down due to the timing of when payments are made. Board Member Burtenshaw asked what the fiber loan interest is tied to and GM Prairie said the rate that IFP would have received would the monies been invested by the City Treasurers. Mr. Hagedorn added that the bond is like an adjustable-rate mortgage (ARM). He concluded that the fiber to home expansion is increasing as expected.

GM Prairie reviewed the power supply costs and explained how the utility's amount of power purchased has increased with Bonneville Power Administration (BPA), like a surplus and purchased less energy from UAMPS over a bad water year. He added that the total power supply was up by \$1 million. Board Member Burtenshaw asked why the average cost per megawatt hour (MWh) is lower in the second quarter. GM Prairie explained that prices are based in the Southwest where the bulk of sales are coming in the middle of the day with wind and solar and noted that when the sun sets, more energy is used for cooling and heating which catches us short in the peak periods of the day. He explained how the year-over-year net costs offset each other because the utility sold more energy even though energy was more expensive in peak periods and pointed out that summer continues to be an issue. Board Member Hally said these are all reasons the city needs a peaking plant and GM Prairie agreed. He continued to say that quarter two is on track with revenues being stronger than projected. He noted there is still load growth and pointed out that with the meat packing plant coming online in the fall for 2-5 MWh, the surplus will decrease. GM Prairie reported

May 11, 2022

that retail sales and total system loads every month were higher than the power supply forecast due to colder temperatures in January, February and March. He said the utility is ahead of schedule in the Rocky Mountain Power (RMP) buyouts and noted that new growth is showing up in the peak periods. He said that while new load growth is good, it pushes the peaks up higher creating a reliance on the energy markets. He said he has been meeting with the Idaho National Laboratory (INL) over their projected load growth and forewarned them that expected lead times for transformers can be up to two years. GM Prairie reported that internal generation is down due to a bad water year and noted that Palisades has not released any water yet. He talked about load curves and explained how it is trending toward higher power prices. He talked about the region's trading hubs and noted a sharp increase in natural gas prices, likely cranked up because of the war in Ukraine. He noted his concern that while the U. S. manages gas storage on five-year averages, less is being stored and more consumed and exported based upon that five-year rolling average. There was a discussion about oil and gas production and exportation. GM Prairie talked about water flow forecasts and noted the Columbia is at 95%, while the Snake River is about 71% due to two consecutive bad drought years. Board Member Burtenshaw asked how the snowpack report compared and GM Prairie said it is about 90% and because it's not running off yet, puts us back down to 70% and explained the difference between snow pack percentage compared to volume of water.

Electric Vehicle (EV) Discussion and Update

AGM Boorman explained the battery charging strategies and associated costs and Board Member Freeman asked if there was a concern about loads and home charging during peak periods. AGM Boorman explained the levels of chargers and costs and noted that older home garages might not have sufficient service panels and wiring to accommodate charging so he expects to see some home service upgrades. Mayor Casper asked if the utility would be able to help customers plan for home charging and AGM Boorman said yes the utility provides free consultations and Board Member Radford observed that the airport would require many acres to accommodate charging. There was a solar charging discussion and how various levels of charging can impact the electric grid. AGM Boorman explained how other utilities have had success with time/use incentive rate structures and may be inevitable when EVs all come online. GM Prairie added that many coops are adapting similar rate structures. There was a discussion on early adoption of public service vehicles and noted that Idaho Power tested electric bucket trucks and discovered that they do not work as well in the winter and are more suited to more arid climates. AGM Boorman said that Greater IF Transit (GIFT) and the airport are considering charging stations, with IFP supporting and there was a discussion on how to capture the revenue.

FY21 Reliability Review

Energy Services Manager Wid Ritchie explained the outage reporting flowchart and differences between reporting software systems. He said that mitigation efforts like squirrel guards and tree trimming has helped curtail outages. He reported there are about 3000 of 30,000 meters yet to be changed out and explained the information on the reliability indices chart indicates that the meters are reporting accurately. He pointed out that the integrated software systems are not accurate and expressed his concerns that the customer information system (CIS) Cayenta accounting system is showing 510 less customers than what the outage management system (OMS) Futura is reporting. GM Prairie added that Futura will no longer integrate with CIS (Cayenta) after 2026. He continued to point out that the supervisory control and data acquisition (SCADA) is at the end of its life and that the utility is currently looking for a new vendor. Mr. Ritchie explained that National Information Solutions Cooperative (NISC) will integrate with AMI, OMS and CIS. GM Prairie added that NISC can automate and do a better job of tracking information than all the human interaction over several different platforms and pointed out that another system (Cognos) has to be utilized to pull needed reports from Cayenta. GM Prairie added that NISC does not over promise and under deliver and said they've never lost a customer. He stated that that the utility was very interested in NISC and would

May 11, 2022

solve a lot of problems that are not being done with Cayenta, but there was push back from some other departments like water and sanitation, but he felt they would be able to get addressed if people were more willing to move into another software project. Mr. Ritchie added that NISC is a more robust company with 580 customers compared to Cayenta's 40 and would like to see the city look forward and move to a different utility billing software. He shared a meter tampering report with the Board.

Hydro Insurance Renewal Discussion/Review

GM Prairie gave a brief overview of the hydro insurance renewal policy. He said that the insurance market has stabilized and only increased 8-10% for most but noted since there have been no claims that this policy is the same rate as last year, just based on higher priced assets. He noted the policy was under budget and would be an agenda item at the next Council meeting.

BPA Post 2028 Contract Discussion was tabled to a future meeting due to lack of time.

Boardman to Hemingway & Transfer Service Discussion

GM Prairie explained that Boardman to Hemingway is a proposed 290-mile, 500 kilovolt (kV) transmission line, which is part of the Energy Gateway West and estimated to be up to \$1.2 billion project. In partnership to build the line are Idaho Power, PacifiCorp and BPA. He said that Idaho Falls Power is the only utility in the country with two transmission agreements that he has ever heard of; UAMPS (grandfathered legacy transmission agreement) and BPA. He explained that he is trying to obtain transmission rights to Goshen and remain in the PacifiCorp balancing authority and noted that discussions to date have been solution oriented. GM Prairie gave an update on the general timelines of the Idaho Power and PacifiCorp project.

Utility Reports

Fiber – GM Prairie reported that the utility has 3,500 fiber customers and noted that 14,000 homes have access to the network. He noted that the utility is doing well on the take rates and pointed out that the utility has built a lot of network at a very quick pace. He mentioned some staff changes at the front desk.

Federal and State Regulation – GM Prairie gave an update on the Lower Snake River Dams debate and a community event that was held in Lewiston. He pointed out that Washington and Oregon weren't satisfied with the outcome of the federal environmental impact statement (EIS) studies already conducted by BPA and the Army Corps and intend to conduct their own studies. He reminded the board that he puts articles from both sides of this complex issue into the board packets and encourages the board to read them and think about the complexity of the issue as a whole to prevent being in an echo chamber from any sort of perspective.

Organizational Reports

UAMPS Carbon Free Power Project (CFPP) – GM Prairie said that Grant County is exploring nuclear in Grant County and have also expressed non-binding interest to 150 MW shares in the CFPP. He said Clark County tentatively expressed interest to 50-60 MW but have since informed UAMPS they no longer have interest in the project at this time but might in the future as things change. Board Member Freeman mentioned that NuScale had a public offering this week. GM Prairie pointed out the project has only sold 8-12 MW in the last 18-months, mostly to current participants taking on more shares. Board Member Radford asked when the next offramp period is expected and GM Prairie said it was originally set for November of this year and stated that UAMPS will have to bond in an inflationary market at higher interest rates than originally expected and modeled in the long-term cost of energy model. He pointed out that only 130 MW shares are subscribed and noted that UAMPS and its members in the project don't have the borrowing power to bond for 463 MWs in his view.

May 11, 2022

Pacific Northwest Utilities Conference Committee (PNUCC) – GM Prairie stated that utilities are concerned with winter peak deficits and insufficient energy resources. He advised the Board to read the report about Idaho Power building a big battery on a couple of different sites.

There being no further business, the meeting adjourned at 12:03 p.m.

s/ Linda Lundquist _____

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper _____

Rebecca L. Noah Casper, MAYOR