

May 27, 2021

The Idaho Falls Power Board of the City of Idaho Falls met Thursday, May 27, 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 (left at 8:30 a.m.)

Board Member Michelle Ziel-Dingman

Board Member Jim Francis

Board Member Jim Freeman

Board Member John Radford

Board Member Lisa Burtenshaw

Absent:

Board Member Thomas Hally

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager

Stephen Boorman, IFP Assistant General Manager

Randy Fife, City Attorney

Michael Kirkham, Assistant City Attorney (left at 9:45 a.m.)

David M. Smith, City Accountant (via Zoom)

James Burr, Partner with Chapman and Cutler LLP (via Zoom)

Jace Yancey, Operations Technology Manager

David M. Smith, City Accountant

Linda Lundquist, IFP Board Secretary

Mayor Casper called the meeting to order at 7:04 a.m. She reviewed the city's July 4, 2021 parade plans and reminded the Board about June's American Public Power Association's (APPA) Annual Conference in Orlando, Florida, which will also have a virtual attendance option in July.

Board Member Updates and Announcements

Board Member Radford reported that his meeting with APPA's Policy Makers Council consisted mostly of questions about the Federal stimulus money.

General Manager (GM) Prairie announced an opportunity after the next Board meeting to tour the Sugarmill to Paine transmission line. He reminded the Board of Idaho Consumer-Owned Utilities Association's (ICUA) upcoming summer meetings in Boise. He announced that staff and the fiber ambulance will be promoting fiber installation at the Farmer's Markets and Chukar's games.

IERA Transmission Contract for 161 Project

Mr. Burr of Chapman and Cutler LLP explained the resolution and financial transaction structure for the project. GM Prairie reviewed the construction project timeline. Mr. Burr stated that once the bonds are sold, Idaho Energy Resources Authority (IERA) will deposit approximately \$20.5 million into a project fund to pay and/or reimburse costs and noted that the bonds are tax exempt under Idaho code. Mayor Casper asked if other cities have completed similar transactions, and Mr. Burr said, while he's authorized other bonds for the city, this project financing is unique due to Idaho's unique statutes. Board Member Francis asked if Rocky Mountain Power (RMP) will have any ownership over the project and GM Prairie said they will have a forty-nine percent (49%) share of most of the line but not any of the Paine Substation. He also

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pointed out that they are not part of this financial transaction. Mayor Casper asked how the RMP agreement would get executed and GM Prairie explained the joint development agreement that was formed two years ago between RMP and IFP that specifies how the new lines will tie into respective lines and sub stations. Board Member Francis asked if the utility has to adjust rates to make the payments and GM Prairie said no, that despite rate increases in past years by Bonneville Power Administration (BPA) he's working hard to keep rates at or below inflation. Board Member Burtenshaw asked if RMP has enacted easements on homeowners for the project and GM Prairie stated that work of this kind has already been completed and approved by the county. Mr. Burr added that the timing of the project is very good because GM Prairie got everything under contract last year when steel was less expensive and ahead of the current inflation. He continued to say there would be various closing documents that need to be signed in the coming weeks and explained the 15-year bond maturity. Board Member Burtenshaw asked if there could be an early payoff and Mr. Burr stated that the standard redemption is 10 years. He said there is significant flexibility to pay off the bonds early and added that it could be decided to pay them off in seven (7) years, but the interest would be more expensive. Mayor Casper noted that it would be worth two percent (2%) for financing public infrastructure. Board Member Francis asked about a few blank spaces in the contract and Mr. Burr pointed out that after the bond sale, the blanks would be filled in and the documents finalized. GM Prairie reiterated the process and said that he will be asking for Council's approval to proceed with the bond sale. Board Member Francis questioned Section 6-C and Mr. Burr said he wanted to build in as much flexibility as possible to give Mayor Casper the authority to execute the documents. Board Member Francis requested the term "any other officer of the city" be changed to specify the Mayor, Pro Tem, General Manager or Assistant General Manager. With the Board approving, GM Prairie proposed that the language be changed to specify Mayor, Council President, General Manager or Assistant General Manager. Mr. Burr said he'd modify the contracts before the Council meeting.

Fiber Optic Installation Process

GM Prairie reminded the Board that the process of following electric lines with the fiber is first of its kind. Mr. Yancey compared the different construction techniques to accommodate different types of landscaping and noted the goal is to have the least amount of impact to customer's yards. He continued to stress that depth matters and costs more the deeper the trench. Assistant General Manager (AGM) Boorman gave reasons needed for different trench depths. GM Prairie said the utility has struggled finding contractors since 2006, and actually bought a directional boring rig, but said it was costly to run and repair so it was traded for installation service to bore underground about 12,000 feet, which took nearly two construction seasons. He compared that to the large-scale project today, where our contractors are boring about 80,000 feet in 120 days. Mr. Yancey added that direct buried lines are failing faster than the replacement rate, so putting in new conduit in the ground for electrical as well as fiber is a gained opportunity. He explained the construction bidding process. Mr. Kirkham added that the request for proposal (RFP) is bound by the best bid to solve the problem. AGM Boorman added that it's standard practice to have the legal department review contracts and bids. GM Prairie showed a video on the missile boring technique and explained how it allows line crews to bore under driveways, sheds, roads, etc., without disrupting the surface and/or structures on the surface. Mr. Yancey added that this technique is especially advantageous where rear easements are a challenge because you can't get large boring equipment into backyards. He emphasized the need for flexibility on price, service and availability to complete a large infrastructure project in a four-year timeframe. GM Prairie stated that Yard Butler had made some valid points about the new contract and Mr. Kirkham said for that, all bids were rejected. Mr. Fife pointed out that competition is good and the overall concept is fairness and that everyone should have the same opportunity to get the work. There was a discussion about the bidding and the evaluation process. GM Prairie said that moving forward, RFPs will be construction type specific for the fiber home drops to address the concerns raised by Yard Butler from the past rejected bid.

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IFP Strategic Planning Review

GM Prairie reviewed the plan. Board Member Radford suggested adding supply chain as a weakness. There was a discussion on Strengths Weaknesses Opportunities Threats (SWOT), and it was determined to amend the plan by adding “supply chain” to the SWOT under the threats section, change the reliability icon and add “installation of conduit and replacement of direct bury” under the Enhancement section.

It was moved by Board Member Radford and seconded by Board Member Francis to adopt the IFP Strategic Plan with amendments as discussed. The motion passed with unanimous approval.

Review and Discussion of Q2 Financial Report

Mr. Smith reviewed the fiber balance sheet and profit and loss statements and pointed out that the fiber to home line item is increasing from \$3,000 to \$4,000 and adds about 120 new customers every month; noting 236 days cash on hand. Board Member Burtenshaw asked about the December numbers and Mr. Smith said it was reflective of fiber inventory. AGM Boorman said the utility hasn’t been keeping inventory for fiber. GM Prairie pointed out on the graphs where the “do not disconnect” moratorium was put in place due to the pandemic and then showed where the payment activity picked back up in July 2020 when the disconnect policy was ramped back up. Board Member Freeman asked if we know who gets bill payment assistance and GM Prairie said that yes, the money flows through to the utility. He continued to say that wholesale power supply remains a big risk, but that overall the total expenses are in line with prior year expenses and what we’d expect year-over-year. GM Prairie explained that in drought years there are limited flows on the Columbia River and mentioned the possibility of power cost adjustment (PCA) credits going away in a bad water year. Board Member Radford asked what the maximum generation is at Gem State and GM Prairie said 22MW. He explained how winter peaks are decreasing with summer peaks increasing and pointed out that the light load is usually sold off and noted that Gem State has a termination clause in 2023 where we may have an opportunity to cancel the contract, which may help to flatten out the summer load. Board Member Radford asked how the Horse Butte expansion has been going and GM Prairie said that Utah Associated Municipal Power System’s (UAMPS) focus has been on the Carbon Free Power Project (CFPP). He continued to say it is forecasted to be below average precipitation and above normal temperatures this spring and summer and mentioned that it’s been difficult filling Grand Coulee. He added that August will be weather dependent and predicted the utility could be short. Board Member Freeman said that \$55MWh is sounding good compared to California’s \$300MWh prices. GM Prairie said not necessarily as peak energy is becoming a big deal over certain periods where \$300MWh is about the average. He stated the coming low water year has the Columbia River at eighty-three percent (83%) and the Snake River at sixty-three percent (63%) of average. Board Member Burtenshaw asked why the figures seemed low when the reservoirs appeared to be full on the charts and GM Prairie said that water is being kept in the reservoirs and will drop once the spring runoff drops off.

Budget/Capital Improvement Plan Review

GM Prairie explained that the 2021/22 capital budget is coming together for next year and mentioned that the budget plus the cost of service will be discussed in depth in the next meeting. He stated that the utility is in the largest capital expansion in twenty-five (25) years. AGM Boorman reviewed the capital improvement plan and pointed out large budget items like the Sugarmill to Paine transmission line, westside substation purchase and upgrade, the York Road expansion and a large traffic project at the intersection of 17th and Woodruff slated for next summer. He added that the budget reflects a utility-wide culture of a long-term view of our electric system and wise reinvestment of our infrastructure. Board Member Radford asked if the city fiber fee will ever be as low as \$15 and GM Prairie said that \$20 is more likely, however dependent on the customer take rate. He spoke about the federal infrastructure money that is available and added that

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people want to have access to affordable, reliable utilities so it's likely there will be a proposal for fiber, water and sewer in the near future.

Organizational Membership Reports

Utah Associated Municipal Power Systems (UAMPS) – GM Prairie reminded the Board to review the CFPP update in the packet with an embargoed memo. He added that UAMPS said in the last project meeting that Grant County PUD was coming into the CFPP. Board Member Francis asked if there were new megawatts sold and GM Prairie said no.

Northwest River Partners (NWRP) – GM Prairie asked the Board to review the Resource Adequacy plan, which proposes to hold utilities accountable to cover their own peaks. He predicted there will be more deficiencies as utilities retire their coal plants without replacing resources.

Bonneville Power Administration (BPA) – GM Prairie asked the Board to review Bonneville's Quarterly Business Review of finances, as BPA is likely to have a rate decrease of around two percent (2%) in their next rate case study.

Pacific Northwest Utilities Conference Committee (PNUCC) – GM Prairie asked the Board to review the *Energizing the Northwest in a Decarbonized Future* article from PNUCC where they are looking at the larger grid in the region.

General Announcements

GM Prairie said the city and INL made the national news with the recent small hydro black start testing at the lower plant. He gave a quick review of the May fiber report.

There being no further business, the meeting adjourned at 10:59 a.m.

s/ Linda Lundquist

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper

Rebecca L. Noah Casper, MAYOR