

June 14, 2023

The Idaho Falls Power Board of the City of Idaho Falls met Wednesday, June 14, 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
Board Member Michelle Ziel-Dingman
Board Member Tom Hally
Board Member Jim Francis
Board Member Jim Freeman
Board Member John Radford

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager
Stephen Boorman, IFP Assistant General Manager (AGM)
Josh Roos, IFP Chief Financial Officer (CFO)
Randy Fife, City of Idaho Falls Attorney
Linda Lundquist, IFP Board Secretary

Mayor Casper called the meeting to order at 7:50 a.m.

Calendar, Announcements, Events and Updates

Mayor Casper reviewed the IFP announcements and mentioned an upcoming Energy Communities Alliance (ECA) workshop on power purchase agreements. Board Member Radford reported that American Public Power Association's (APPA) continues to focus on hydropower power funding opportunities, permitting reform, and energy tax credits and mentioned that the APPA seemed happy with the recently passed debt ceiling deal. Chief Financial Officer (CFO) Roos gave a status update on IFP's grant applications and announced an upcoming IFP Community Engagement as part of IFP's commitment to community outreach and General Manager (GM) Prairie added that it would be great to engage with the community on energy efficiency (EE) and other low-income programs. Board Member Radford said he thought it was good that IFP and Idaho Falls Fiber (IFF) had a presence at the recent Latin event.

GM Prairie explained upcoming memos that will be put before City Council including the Gannett Fleming professional services contract addressing the Upper Plant's recent high hazard status rating. Assistant General Manager (AGM) Boorman explained the Paine feeder materials request and mentioned that contractors will be doing the excavation work while IFP crews will pull the wire and buildout the overhead section through the gravel pit and GM Prairie added that there are multiple suppliers awarded due to the desire to select the lowest pricing. He said there were no bids for the downtown alley work and would like to get Board approval to go out on the open market and potentially put contractors together that can complete the complex project. Board Member Francis said he was excited that downtown development is happening and GM Prairie agreed and explained the benefits to customers of undergrounding services in downtown alleyways, eliminating safety hazards and replacing aging equipment. He announced that utility customers can request free home energy kits on IFP's website. GM Prairie requested approval to put out a sealed bid for an aging bucket truck that has not been successful in meeting the \$60,000 minimum bid on auction sites. Attorney Fife and the Board gave their consent with no opposition to the proposed action.

Board Policy No. 1 – Payment in Lieu of Taxes (PILOT)

GM Prairie explained the reason for clarifying some of the language in the policy. Board Member Francis asked if money could be set aside for lighting in city parks and parking lots and Board Member Radford said he was supportive of lighting around the river and wonders why IFP appears to be paying for traffic

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expenses. GM Prairie said that IFP takes care of traffic (even though it is not an IFP responsibility for providing electricity but a general fund obligation) on behalf of public works/streets and explained that the cost is then subtracted from the PILOT payment that is owed to the general fund; resulting in traffic costs being paid for by the general fund. He explained that IFP maintains the system because IFP has the tools and technical abilities to provide the service and at a lower cost than public works is able to do it. GM Prairie said that IFP works closely with public works since it is their budget and system capital plan. Board Member Burtenshaw asked if lights were Parks' responsibility and GM Prairie said that Parks doesn't have capital projects of this nature and that he has offered to set up work orders to help with the design and lighting for the Parks director. Board Member Radford asked why it appears that IFP pays for all the streetlights and GM Prairie pointed out that streetlighting cost allocations *are* being directly paid for by streets through the streetlighting rate which they pay power bills on and pointed out that it covers one hundred percent (100%) of the cost of the service provided. Mayor Casper said she thought this conversation would be better held in a Parks' budget meeting. GM Prairie concluded that IFP is still paying above average for PILOT based on his best estimates and the May 2022 APPA PILOT survey and noted that if IFP was investor-owned, the percentage would be closer to four percent (4%). Board Member Francis said IFP is in a range that is predictable and makes sense to him. GM Prairie said he was thankful to have invested in the city's traffic system a few years back so as to avoid gridlock on the city roads today. He pointed out that traffic signals and software are expensive and take people, infrastructure and fiber optics to run them efficiently, and added that software is much more affordable than building more roads to move people through town. GM Prairie also pointed out that fiber revenue has been added into PILOT so they pay a PILOT at the same rate as the power utility.

It was moved by Board Member Radford and seconded by Board Member Freeman to approve Board Policy No. 1 – *Payment in Lieu of Taxes* ' proposed clarification revision. The motion passed unanimously.

Budget Review

GM Prairie explained how he worked to cut the budget without sacrificing IFP's strategic goals and built it around several factors that include: inflation pressures on materials and labor (which affect overall capital project costs); wholesale power supply costs remaining high and volatile; retail sales remaining strong; and customer and fiber growth equals increased hiring. He pointed out that the capital improvement plan (CIP) used to be around \$6-8 million but that now for the same work is estimated to be \$14-16 million due to inflationary pressures. GM Prairie reviewed the multi-year agreement contracts and AGM Boorman pointed out that IFP gets better rates with these types of contracts. Attorney Fife explained that contracts stand on their own and are periodically rebid on the market in search for lower rates and additional contractors that perform the work. Mayor Casper commented that IFP is leading the way on organizing contracts/vendors in this way and requested that GM Prairie share the template with other city directors. Board Member Radford asked for clarification on payments to Utopia instead of revenue and GM Prairie explained the expenditure is for optical network terminal (ONT) boxes that are purchased through Utopia's joint power's agreement (JPA) for new residential fiber installations. He reviewed the utility's expected retirements and backfilling plan, which include increasing staff by four additional positions in the next fiscal year. AGM Boorman explained how the utility is sending transformers for refurbishment instead of scrap metal to help combat the supply chain issues and increased cost of transformers. GM Prairie said he is expanding the EE budget and reminded the Board of the audits that are currently underway to save the city and customers money on lighting and other EE programs. He explained the power supply costs are anticipated to be high over the summer pointed out the \$3 million loss of operation expense due to additional machine work required on the Upper Plant's turbine, which has been in Pennsylvania since March. GM Prairie cautioned a dangerously elevated probability of rolling blackouts/brownouts in the West due to load growth and needed resource development as pointed out in the Pacific Northwest Utilities Conference Committee (PNUCC) regional assessment that was included in the packet. He advised that if the large Department of

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Energy (DOE) Grid Resilience and Innovation Partnership (GRIP) grant gets awarded to IFP over the summer and fall that the budget would need to be reopened.

Capital Plan Review

AGM Boorman reminded the Board that the trimmed down budget is mostly what has already been presented. Board Member Burtenshaw asked if the Yellowstone peaking plant will be going out to bond and if that was to be the official name and GM Prairie said there is \$11 million now and next year will be \$5-6 million more but cautioned that the figures are based on a larger plant and the CFO Roos will be adjusting the budget. GM Prairie said a request for proposals (RFP) will go out in a few weeks and the outcome will be brought before City Council for next steps/further direction. Board Member Francis said at some point there needs to be a conversation about battery backup if the Idaho National Laboratory (INL) won't be involved with the peaking plant project. GM Prairie said that he continues to look at portfolio diversity and has been exploring geothermal technologies. Board Member Hally asked if the five-year costs are being underestimated and GM Prairie said the utility requires over 150 MW of generation and needs to be back in the phase of building resources at less than market cost. Board Member Francis asked if carbon capture is part of the RFP and said he wants to have a discussion about where the money is being put and GM Prairie said that part of the RFP requirements will be for current technologies and added that the utility has applied for air quality permits. Board Member Burtenshaw asked about the Rails-to-Trails/IFP parking project and AGM Boorman said that Parks and Public Works are working together on the design. There was a discussion about improvements at hydro plants and GM Prairie said that according to the Federal Energy Regulatory Commission (FERC) it's the responsibility of the utility to provide improvements such as boat ramps and added that if there are recreational opportunities that could/should be added to IFP's projects that the utility will have an obligation to pay for them as well and said he plans to communicate with the Parks director in regular coordination meetings.

Cost of Service and Projected Rates

GM Prairie explained why a cost of service analysis (COSA) is used for rate design and reviewed the proposed rate and fee changes that will include the new electric vehicle (EV) charging station fees (for point of sale chargers) and the need to change how multi-family dark fiber drop rates are done. He announced the proposed net collective rate increase will be one point ninety one percent (1.91%) and said he thought there could be a \$4-8 million swing this year with the market volatility and that \$7 million could be pulled from the rate stabilization fund in the event things turned against our favor in power supply. Board Member Burtenshaw said she sees the rate stabilization fund as a cushion if all the money gets spent and views the power cost adjustment (PCA) as something that could get turned into a charge. GM Prairie reviewed the PCA historically and reminded the Board that the \$6 million overage last year went to increase the fund to \$25 million and stated that: per policy, if the fund dips below \$17 million that a PCA surcharge could be utilized to bring in additional revenue and noted that was when it was a \$20M target, so the bands may need revised also. Mayor Casper asked if the rate change was to be less than two percent (2%), would customers be fine with it and Board Members Ziel-Dingman and Freeman agreed that amount wasn't going to get anyone too worked up. GM Prairie said that investor-owned utilities plan to increase their rates by double digits over the next several years to pay for their new wind and solar generation, transmission builds and overall cost increases.

Utility Reports

Federal and State Regulation/Litigation – GM Prairie updated the Board on the four lower snake river dams situation and said that the current administration in the White House doesn't like the outcome of the last four years and \$50 million worth of studies and appears to be dismissing all the scientific research and even told National Oceanic and Atmospheric Administration (NOAA) fisheries to stop talking about the issue and fall in line with their Council of Environmental Quality (CEQ) position. He explained that the industry, however, is standing on the side of science and is sending letters en masse to the federal administration and

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that he would like the support of the Board to send a letter from IFP. Mayor Casper and the Board gave their consent to send a letter in support of the science.

There being no further business, the meeting adjourned at 11:51 a.m.

s/ Linda Lundquist _____

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper _____

Rebecca L. Noah Casper, MAYOR