

June 27, 2019

The Idaho Falls Power Board of the City of Idaho Falls met Thursday, June 27, 2019, at the Idaho Falls Power Conference Room, 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

Board Member Thomas Hally

Board Member Jim Francis

Board Member Shelly Smede (departed at 11:00 a.m.)

Board Member Jim Freeman

Board Member John Radford

Absent:

Board Member Michelle Ziel-Dingman

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager (GM)

Stephen Boorman, IFP Assistant General Manager (AGM)

Randy Fife, City Attorney

Linda Lundquist, IFP Executive Assistant

Mayor Casper called the meeting to order at 7:02 a.m. with the following items:

Calendar, Announcements, and Events Update:

Mayor Casper and GM Prairie attended the American Public Power Association (APPA) National Conference in Austin, Texas, mid-June. Mayor Casper attended the Emergency Communications course and will share some information with the City's public information officers on effective communication. She attended a class on Strategic Planning which was taught by Home Town Connections, the same entity that helped the Idaho Falls Power Board develop their current Strategic Plan. She continued to say that Home Town Connections is owned by large public power entities and noted that they are quite good at helping utilities the size of IFP.

Mayor Casper and GM Prairie will be guest panelists on July 17 at the Governor's Broadband Taskforce in Twin Falls, Idaho. Other participants include, representatives - one each from the House, Senate and Leadership Team and also, Will Hart, Jose Raas and Dominik Claudio. Board Member Radford asked if the taskforce was tasked with providing legislation? GM Prairie answered, "no", that it was more about information gathering at this point. There was some discussion on the laws and different ways that cities are bringing in fiber. Mayor Casper stated that she really wants for every home in Idaho Falls to be connected to fiber and things are moving in a positive direction toward that. AGM Boorman stated that it's difficult and expensive to get fiber to the premises and GM Prairie added that incumbents are cautious about committing to build-outs and are keeping a watchful eye. GM Prairie visited with Mayor England of Chubbuck, Idaho, regarding the Mayor's committee for Commercial Fiber Representation and while rejecting an offer from the Mayor to become a committee member due to time constraints, GM Prairie invited the Mayor to tour the City of Idaho Falls Fiber Pilot Project. Mayor Casper and GM Prairie will also be panelists at the Energy in the West Conference, in Boise, Idaho, on August 26 – 27, formerly known as the Intermountain City Summit.

Updates from Board Members:

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Board Member Smede stated that community members in her neighborhood were running hoses into the storm drainage areas and inquired if this was a common practice in the City.

Board Member Francis had a meeting with a former student that has been working with aircraft carriers and noted that he mentioned that the nuclear navy has had no accidents. He also mentioned that Kirt Marlow with Energy Technology and Environment Working Group (ETEG) presented some of their work results in the Council work session this past week and noted that ETEG had been presenting in various cities and that this level of understanding on the project is great for Idaho Falls.

Board Member Hally talked about 5G and asked that if and when it became available, would fiber still be needed? Mayor Casper stated that 5G isn't possible without fiber. GM Prairie explained that the way 5G works is with line-of-sight technology. 5G carries more data but with less coverage area, has a high bandwidth but requires a few antennas on every street and/or on each roof top. He stated that with each generation came more security issues from 3G to 4G and that stepping up to 5G will be almost impossible to secure because it is so easy to interrupt the service from his understanding. He noted that 5G is not as robust or reliable as a wired connection. GM Prairie continued that he'd recently met with folks at Syringa and discussed the small cells they are building that require four or eight fibers per sight and can't be daisy chained down the street and compared a street like Sunnyside in that you would need at least three towers per mile per carrier. Board Member Radford stated that Australia has outlawed 5G due to security concerns.

GM Prairie passed out shirts for the upcoming Idaho Consumer-Owned Utilities Association (ICUA) Youth Rally in Caldwell, Idaho. He invited the board members to wear them for the 4th of July parade and mentioned that IFP is 30th in line in the parade route with a bucket and fiber truck and will have staff to hand out candy. He reminded board members of the auction at the ICUA annual meeting in Boise that they are looking for auction items and also to be sure and attend the auction after the banquet dinner as a way to support ICUA. After the formal conference, GM Prairie will be leading a Small Modular Reactor (SMR) discussion in an offsite and more informal setting if anyone wanted to attend. He continued, that there are some findings that ocean temperatures are not correlated to the dam issues. Bonneville Power Association will be present to talk about the health of their organization. He concluded with a reminder of the Utah Associated Municipal Power Systems (UAMPS) annual member conference in Jackson, Wyoming, in August and added to be sure and register for the conference and reserve rooms before they are filled up.

Finalize Strategic Plan Discussion:

GM Prairie reviewed the latest version of the Strategic Plan. There was some discussion on rewording a few items for clarification. Discussions continued about growth, expansion and storage needs throughout the City. It was decided that once the text was formatted and cleaned up that the plan will be distributed to the board electronically and via hard copy.

Board Policy POL-02-17 Discussion:

GM Prairie reviewed the policy and will redline the document incorporating the Board and Mr. Fife's recommendations and send to the next Board meeting for final consideration. Mayor Casper noted that the Board will continue to review policies throughout the year and mentioned that the ICUA annual meeting in Boise, Idaho and the UAMPS member meeting in Jackson, Wyoming will serve as the Board's July and August meetings.

2019-20 Cost of Service Discussion:

GM Prairie gave an overview of the Cost of Service Analysis (COSA) process and stated that rates are always difficult to set too far in advance based on unforeseeable conditions such as volatility in the

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wholesale markets and hydro conditions. Board Member Radford noted that with complex billing like Idaho Falls does where their bills are for multiple items such as; water, sewer, electric, etc., other utilities may only bill for electric and how confusing that can be for customers, especially when they compare bills/rates. Mayor Casper added that she learned in the APPA Overview course that IFP is on par with investor owned utilities for utility best practices and noted that IFP is ahead of the game with good leadership from the last three directors. Board Member Radford stated that attending APPA events is a good opportunity to see that IFP is doing things right and added that IFP has a professionally validated model to guide consistent rate setting. GM Prairie reviewed the revenue requirement. There was some discussion on the rate setting process and whether things like load growth, population growth, recessions and the California fires impact costs. GM Prairie continued that the electric rate stabilization fund increased due to a good 2019 water year and that the City shares those funds with its customers in the good years where IFP will return 75 percent to the customer and will reinvest 25 percent into the utility for future projects, per the adopted policy. This year it is expected that 1.5 million will be given back to the community through rate cost adjustments, where last year it was about 1.2 million. Rates will come out mid-July and Board Member Radford asked how much rates would increase if we didn't purchase any carbon energy products? GM Prairie answered that a specified source would have to be identified in the market.

2019-20 Proposed Budget Discussion:

GM Prairie stated that the 2019/20 proposed budget is conservative in order to maintain competitive rates. The employee additions are based on whether the utility moves forward with fiber expansion. Mayor Casper added that GM Prairie and his team are working on succession planning. GM Prairie highlighted that the utility will save \$250,000 per year on credit card processing costs and due to a new cell phone option will save \$15,102 per year on phone costs. Operation and maintenance costs are lower year over year; adjusting transfers has helped. There was some discussion on shared costs and fiber expansion costs. The capital items were reviewed. GM Prairie reviewed the Payment in Lieu of Taxes (PILOT) and noted that the APPA will adjust in the fall and noted that nine percent is an anomaly and is expected to come down.

Joint Use Module Plant (JUMP) Solicitation Discussion:

GM Prairie explained the JUMP Agreement is going to be for the first of twelve modules that are planned to be built out at the Carbon Free Power Plant at the International National Laboratory. The Department of Energy (DOE) will purchase the first module for research and will keep it for 15 years with another 15-year option. The DOE doesn't intend to be the long-term owner, and will negotiate terms with UAMPS throughout the summer for entities to take over the JUMP module after 15 years; debt-free and at no capital costs. The entities will assume the operations and maintenance costs along with decommissioning for the time it is taken over. Discussions should conclude in October of this year. The power that comes from the JUMP is projected to be under \$25 per MWh and for IFP, 3.7MWh and up to 4.815MWh would be allocated per the agreement, depending on project participation in the region. GM Prairie continued that a full-scale model was built in Europe and a 1/3rd scale model in Corvallis, Oregon that have been undergoing testing for the last seven years with proven solid technology to move forward. Board Member Freeman asked what the life-span of a module is? GM Prairie stated that current nuclear plant life-expectancy is about 60 years.

Utility Reports:

General Administration – Small Cell – AGM Boorman proposed an addendum to the existing Board Service Policy to add technical aspects that further protect City assets as small cell tower requests are becoming more frequent in the City by third parties. He stated that it's good governance to update the service policy annually. Mr. Fife added that there are three aspects to the addendum; there will be a zoning ordinance coordinated with two features, internal service policy and a master licensing agreement for third-party entities wanting to mount small cells onto City infrastructure. Mayor Casper clarified that the addendum

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will come before Council for a vote and stated that this is an addendum to an already adopted policy for standard zoning and master licensing. Board Member Francis asked about ascetics and if the City should be able to control what the small cell looks like on City property. Mr. Fife replied that this addendum would serve as the ascetic policy. AGM Boorman reiterated that the addendum is a guide to third-party contractors to install small cells in commercial zones on light poles. Mayor Casper talked about utility wraps in the City and GM Prairie asked if maybe those should be added to the service policy and continued that third-party contractors need to follow the design aspects for boxes and work with the Downtown Development Agency on wraps. It was agreed to imbed the additions for small cells into the service policy instead of adding an addendum and bring forward at the next Council meeting.

Fiber – GM Prairie read a thank you letter from a new fiber customer that was excited about the new fiber service and satisfied with all aspects of the installation, especially the excellent customer service and courtesy that was received throughout the process. He then displayed some images of issues the crews were encountering, particular to buried transformers, which is adding extra costs and work to the pilot project. GM Prairie concluded that it may be a good idea to strengthen City code to address these types of access issues.

Transmission – Rocky Mountain Power tripped an IFP high-powered line and caused an outage on June 26, affecting about 3000 customers on the west side of town. Power was restored in 20 minutes.

Metering – There was a discussion on the Automated Metering Infrastructure Opt-out Agreement and an update was given on a non-paying customer.

Energy Services/Customer Service – Cooperative Response Center, Inc. (CRC), a newly contracted after-hours service, started taking calls the first week of June. It was discovered during an outage that the *call overflow volume forwarding* feature was not set up correctly for call forwarding during normal business hours and was immediately corrected. Overall the service has been running smoothly with only a few kinks to be worked out. Not only is the utility saving \$100,000 dollars annually by utilizing a call service, the utility is providing better customer service and providing growth opportunities to the IFP Emergency Response Representatives. Board Member Radford asked if CRC has the resources to provide callers estimated restore times so that they can better manage their staff during longer outages and GM Prairie answered, “yes”, that CRC is in direct contact with the utility dispatch office and can convey up-to-date information.

There being no further business, the meeting adjourned at 11:19 a.m.

Linda Lundquist, EXECUTIVE ASSISTANT

Rebecca L. Noah Casper, MAYOR