

August 10, 2022

The Idaho Falls Power Board of the City of Idaho Falls met Wednesday, August 10, 2022, at the Idaho Falls Power Energy Center, 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 Tom Hally

Board Member Jim Francis

Board Member Jim Freeman

Board Member Lisa Burtenshaw

Board Member John Radford

Absent:

Board Member Michelle Ziel-Dingman

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager

Stephen Boorman, IFP Assistant General Manager

Lorna Planesi, City Accountant

Randy Fife, City Attorney

Linda Lundquist, IFP Board Secretary

Mayor Casper called the meeting to order at 7:52 a.m.

Calendar, Announcements, Events and Updates

Mayor Casper gave highlights from a recently attended nuclear development conference hosted by Energy Communities Alliance (ECA) that had panels reviewing case studies in the region and across the Midwest. She shared Congressman Simpson's video, where he comments on nuclear initiatives, community education and recognized Mayor Casper in the video. Mayor Casper said she also supports community education and involvement and communities hosting more nuclear initiatives. She explained the importance of the Department of Energy's (DOE) involvement in the cost sharing and General Manager (GM) Prairie agreed and stated if the DOE would backstop the Carbon Free Power Project (CFPP), the project would likely get to full subscription and move forward more quickly. Mayor Casper noted an emergent need for more and better trained nuclear workers in the industry as evidenced on her Georgia Power's Plant Vogtle tour. Board Member Burtenshaw asked about the ownership and equity sharing for being a first-of-kind plant and GM Prairie stated that NuScale will own all future rights and profitability as they have paid for and own the design certification and all rights to the technology that was developed. Board Member Hally asked if purchasing stock in NuScale if that would be allowed and Attorney Fife said it would be a conflict of interest because of access to nonpublic information and GM Prairie agreed. Board Member Francis asked when the next vote would be on the CFPP and GM Prairie said it is calendared for November, but he would schedule a meeting prior to any ramp decisions for the Board to study and analyze the decision. Mayor Casper said there may be some focus on the CFPP in next week's Utah Associated Municipal Power Systems' (UAMPS) summer meetings and GM Prairie said there will likely be opportunities to meet with Chief Executive Officer (CEO) and GM, Doug Hunter of UAMPS. Mayor Casper reiterated the importance of a well-informed community.

Board Member Radford gave a report from his recent American Public Power Association (APPA) trip to Washington D.C. where he spoke with senators and representatives about the CFPP. There was some discussion on the Inflation Reduction Act (IRA) and what it could mean for the utility and nuclear industry.

August 10, 2022

GM Prairie announced that last month's annual Montana Lineman's Rodeo was well attended and pointed out that IFP has some of the best and most well-rounded apprentice linemen and added that next year's rodeo will also include opportunities for Journeyman linemen to compete. He explained the upcoming IFP Council items and next month's Board meeting potential topics. GM Prairie showed a photo of a delinquent utility customer stealing electricity and reiterated that the consequences for power theft are a \$200 tampering fee, disconnecting/reconnecting fees plus the cost of a new meter if it is damaged in the theft. He implored that meter tampering can be a cause for electrocution and should be avoided. He handed out an APPA guide on the basics of electricity.

### Q3 Report

Accountant Planesi reviewed the statement of net position for power and noted that cash and days of cash on hand has gone down since March but noted the current ratios for judging liquidity are great and reminded the Board that the balance sheet is only a snapshot of a day and is not cumulative as evidenced in the airport loan. GM Prairie explained that \$4.5 million is being reimbursed to the utility and mentioned that the airport could be requesting another loan for \$8 million and added that he is working with the city controller and treasurer on how best to show the loan on the books. He pointed out that the prior \$4 million airport loan earned interest at the going rate plus 3%, which netted close to \$400,000 in interest to the utility. He noted this use of funds was a better investment for the customers than alternative investments available for the liquidity funds of IFP. Ms. Planesi continued to review the accounts payable and receivables and noted the bond is shown as a receivable and is booked for full liability. Board Member Burtenshaw asked if there are multiple bonds and GM Prairie said there is only one bond and explained that as money is spent, money is transferred from the bonding bank to IFP's bank in the form of a draw and noted that he is preparing to take another draw. Ms. Planesi said the inventory for power and fiber is up as of June and GM Prairie added that extra inventory has been ordered to stay ahead of customer growth. Ms. Planesi addressed the recent audit concerns about work in progress (WIP) and explained that the lagging 10-months bookwork is now up to date and added that the net position fund balance liabilities are in line with the net position and are tied to the increasing assets. GM Prairie explained the difference in how the utility works to track capital assets versus other city departments. Ms. Planesi stated the budget is on track with what was spent this year and noted that utility billing turnover is around 32 days.

Ms. Planesi reviewed the fiber balance sheets and noted that fiber to home has been steadily increasing and GM Prairie explained the difference between the loan to the airport versus the "loan" to fiber, which caused some confusion with the audit. Board Member Radford asked how revenue is generated from the internet service providers (ISP) and GM Prairie said they pay to access IFP's network as well as pay \$1000 monthly network access fee. Ms. Planesi explained that expenses have increased over the prior year but noted that they are in line with construction. She added that there will be a lot of work orders getting closed out soon.

GM Prairie reviewed the wholesale power financials and explained that power sales are roughly 50% of the budget with uncertain volatility from year to year. He explained that while IFP continues to purchase energy from UAMPS (who is a little more prepared and proactive this year than last), more energy is now available under the Bonneville Power Administration (BPA) contract due to load growth and full access and at lower costs. He stated that the Columbia Basin had a good spring and overall good water year and mentioned that while Idaho Falls has had some hot spells this summer, they've not been as extreme as 2021. He explained that Gem State will be back online in September. He compared 2021 energy pricing, which was chaotic and all over the board to 2022 pricing that oscillates between the Northwest and Southwest, where buying on the open market has proven good. GM Prairie explained that expenses decreased by about \$200,000 from 2021, mostly due to BPA's good pricing at \$35 MWh and dispatch's attentiveness and proactivity. GM Prairie explained that revenue was up year-over-year, but that volume was down. He attributed the increase by comparing last year's average price of \$16 MW to this year's \$49 MW and noted that prices are higher

August 10, 2022

in general as a reflection of natural gas prices, and added that IFP has had a fair amount of surplus sales. He maintained that while 2021 was a bad drought year that the final quarter of 2022 is shaping up to be pretty good and attributed most of the credit to IFP's power supply dispatcher and the dispatchers' attentiveness to the weather and market conditions. GM Prairie stated that IFP sold more energy to retail customers this quarter versus last year this same quarter and reminded the Board that last summer broke prior peak records, while surprisingly this summer shattered last year's peak. He attributed the volume increase to construction, new multi-family housing, new customers, meat packing plant, event center and new hotels all starting to come online. GM Prairie explained that generation is down from the prior year due to the second year of the drought and the lower plant being offline due to the runner hub rebuild and forewarned that the upper plant will undergo similar rebuilds in 2023. He noted that the daily costs to IFP for the lower plant to be offline was \$8000 per day and added that he hopes for a smoother and on-schedule rebuild at the upper plant. Board Member Radford asked how many new power customers there are per month and GM Prairie said between 40-50 with most of them from multi-family homes. GM Prairie gave the water supply outlook and said the Columbia was 108% of average (prior year was 82%) due to a wet and cool spring and noted there will still be plenty of water going into September and October. He said the precipitation came a little too late for the Snake River to rebound, which is at 72% of average (prior year was 59%). He added that there is good river flow, but said the farmers are starting to call for the water as Palisades (53% full) and Jackson Lake (41% full) are drawing down. GM Prairie said the continued summer weather outlook is calling for above average precipitation for the Southwest and noted that is unusual. There was a discussion about the rate stabilization fund and GM Prairie gave a recommendation to increase it to \$25 million to better match the volatility he is seeing in the market and thinks IFP can get there over the next year and it will take formal Board action to amend the policy. He added that there is a better disconnect policy in place then there was a couple of years ago.

#### Clean Energy Program and Rate Design

GM Prairie said that Anheuser Busch contacted IFP about purchasing clean energy certificates and then explained the process to certify the hydro plants for clean energy and benefits to the utility and community. He explained how the costs were derived at \$0.003 per kWh and then compared IFP's low cost to the \$0.008-0.014 that other utilities are charging. Board Member Radford asked if it was open to the entire community and GM Prairie said that all customers can elect to participate in the program. He continued to show what the line item would look like on a utility bill for certified clean energy and estimated it would add over \$10,000 in revenue based on Anheuser Busch's current load of 35,000 MW. He recommended that the income could be put in an account to cover the costs to run the program plus other clean energy initiatives. GM Prairie suggested that the city's economic development administrator may be able to set a round table meeting with community chief executive officers and business owners to help educate them on clean energy certifications and added that Anheuser Corporate still has yet to sign the contract.

#### Net Metering Rate Review and Cost Recovery

GM Prairie said that a study was performed on the current 88 solar customers to make sure there was a fair rate of exchange. He explained the solar duck curve chart and why the peak is problematic for utilities and the need to have good rate design to address the peak. Board Member Hally asked if the prices would be applied only to the net metering customers and GM Prairie said yes, that is the best way to make sure the costs don't get socialized. He continued to review the charts and determined the best months for solar are April and May and Board Member Francis observed it would make a good case for battery storage. Board Member Radford said it may make a better argument for hydrogen. GM Prairie said the utility is much like a battery if they send back as much electricity as they take (net out). He pointed out however, if they send us back more than they take, the buy back is at MidC heavy load index pricing. Board Member Radford said that he thought Lehi City is exploring battery leasing and thought the pricing might be something to watch. Board Member Burtenshaw stated that maybe peaking issues could be solved if all customers were

August 10, 2022

on a time-of-day rate structure, and GM Prairie agreed that time and demand rates could be considered and added that good things come out of rate design like behavioral change through better reporting. He pointed out that more complex rate designs have not been implemented or pursued because of a lack of confidence in Cayenta to execute on the software changes required. GM Prairie summarized that the solar study shows that net metering customers are right where they should be and Assistant General Manager (AGM) Boorman added that IFP limits the size of their systems so they're not overbuilding generation beyond what they need at their home, so they are not inadvertently becoming a wholesale power generator.

### Rates and Budget Review

GM Prairie reviewed the payment in lieu of taxes and Board Member Freeman asked how much was attributed to fiber and GM Prairie said about \$60,000. GM Prairie said he's continuing to invest heavily in the traffic system. He explained that power used to be roughly 45% of the city's budget ten years ago but today is a much lower percentage and compared the revenues versus expenses and pointed out that the fiber expansion is costing about \$10-\$12 million per year but noted that will curtail in a couple of years. GM Prairie said the proposed rate change in the fee resolution is 8% and sees that the increase will stabilize the utility for the next few years and Board Member Freeman added that 8% in five years is well below the rate of inflation. GM Prairie pointed out that the energy inflation rate is running between 25-35% and said he is working with the city's public information officer on a press release that explains the increase and will put together some talking points for the Board. He added that Rocky Mountain Power (RMP) recently had an 8% increase and will likely see increases from them each year. Board Member Freeman asked if the increases are regulated and GM Prairie said it's the Board's authority and responsibility to set rates for the utility but pointed out that investor-owned utilities' increases have to be approved by the Public Utilities Commission (PUC). He said he wanted to make sure everyone was informed ahead of Thursday's Fee Resolution vote. Mr. Fife said if someone wanted to challenge the increase, they would have to prove a case. GM Prairie asked the Board to review IFP's Chief Financial Officer job description in the packet and asked for approval to post as soon as possible because of the lengthy hiring process and was given unanimous approval.

### Utility Reports

*General Administration* – GM Prairie reviewed a safety record slide (also shown and discussed in monthly utility safety meetings) and commented on IFP's impressive safety record. Mayor Casper asked if the tracking record gets monetized and are savings being tracked and GM Prairie said yes and gave a realistic example of how much it costs the city for a lost wages accident/injury event. He explained the program is set up for a rolling 90-days and at the end of the year, employees can trade in their points for prizes and added there is much focus on safety outside of the workplace as well. Mayor Casper said she was grateful for the program. GM Prairie reminded the Board to read through Ms. Aziz' interview in the Northwest Public Power Association's (NWPPA) July publication.

### Organizational Membership Reports

*Fish and Wildlife* – GM Prairie said a settlement had been reached that settled on *high-level* of spill that is expensive and commented that dam removal remains in the center of political circles. He reminded the Board to read through the supporting articles in the packet including a letter from the labor unions going against the dam removal siting that dams provide jobs, they're noncarbon emitting and good for the economy. He said there's also a study on the costs of dam removal in the packet that is worth reading. GM Prairie announced the fall salmon run is expecting three times the normal return.

### Announcements

August 10, 2022

GM Prairie talked briefly about the CFPP standard for public consumption and reminded the Board to read the Fitch article on rolling blackouts. Mayor Casper said that the city clerk has the Board travel packets for UAMPS.

There being no further business, the meeting adjourned at 11:45 a.m.

s/ Linda Lundquist \_\_\_\_\_

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper \_\_\_\_\_

Rebecca L. Noah Casper, MAYOR