

September 24, 2020

The Idaho Falls Power Board of the City of Idaho Falls met Thursday, September 24, 2020, 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
Board Member Jim Francis
Board Member Thomas Hally
Board Member Shelly Smede
Board Member Jim Freeman (by Zoom)
Board Member John Radford (by Zoom)

Absent:

Board Member Michelle Ziel-Dingman

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager
Stephen Boorman, IFP Assistant General Manager
Randy Fife, City Attorney
David M. Smith, City Accountant
Jace Yancey, IFP Operations Technology Manager
Linda Lundquist, IFP Executive Assistant

Mayor Casper called the meeting to order at 7:05 a.m.

Updates from Board Members

Board Member Radford said there weren't any notes to include from the Policy Maker's Council but did ask if there was concern with the two hydro articles that had been included in the packet.

Board Member Freeman gave a brief summary from a recent Northwest Public Power Council Association (NWPPA) meeting he attended and noted what appeared to be a disconnect between the American Public Power Association's (APPA) CEO and legislators with regard to an upward of a \$5 billion dollar loss in the utility industry due to the coronavirus pandemic. He expressed his opinion that decision making should come from river managers and mentioned that some difficulty in working with the Bureau of Land Management and forestry services had been reported by utilities.

Carbon Free Power Project (CFPP)

General Manager (GM) Prairie outlined changes since the last meeting and noted that the Development Cost and Reimbursement Agreement (DCRA) had been negotiated by UAMPS with NuScale for a one-hundred percent (100%) cost reimbursement through the Combined Operational Licensing Agreement (COLA) submittal for Economic Competitive Test (ECT) failure. He stated that the plan is to be at a Class 3 Project Cost Estimate by January 2022. GM Prairie explained the differences in class estimates and noted that by the time the project reaches a Class 1, there should be firm bids from the contractors with a firm notice to proceed (FMTP), whereby the COLA gets filed and the construction license is received. GM Prairie stated that the financial exposure to Utah Associated Municipal Power Systems (UAMPS) is \$211 million with \$151 million for the economic competitive test (ECT) failure at a 30 percent (30%) cost reimbursement. He said the ECT model is getting some final tweaks and is expected to run at \$50MWh, and will be run every six months with Fluor, NuScale and Burns McDonnell overseeing the testing. He

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added that UAMPS is responsible for costs if the Department of Energy (DOE) funds do not get appropriated or funded and that \$1.4 billion will be added into the Economic Competitiveness Model in this event. GM Prairie said that UAMPS is responsible to demonstrate that they have the finances to pay for the project and that Fluor and NuScale have to demonstrate the ability to build the project. He reiterated that in July 2020, the project management committee (PMC) passed a new budget with three conditions and stipulated that the DCRA and Engineering, Procurement and Construction Development Agreement (EPCDA) get negotiated and the DOE award must come through. He added that the PMC approved to move the off-ramp deadline to Oct. 31, 2020. Mayor Casper asked why money is needed now and GM Prairie stated that UAMPS needs to pay internal staff and Burns and McDonnell about \$150,000 - \$200,000. He mentioned that the DOE is paying \$2 million for a core drill outside of the \$1.4 billion award. Board Member Radford asked if the DOE agreement and award are one in the same and GM Prairie stated yes. There was a discussion about the best way to move forward with the pending DOE award. GM Prairie reminded the board that they initially came in strong with a 10MWh commitment to help the project get going, but that it makes sense now to right size to a lower amount based upon the latest resource needs analysis. Attorney Fife pointed out that it's the Board's responsibility to make good decisions for the utility and rate payers. Mayor Casper summarized and wrapped up the discussion with Board Member Francis' comfort level at \$700,000 with reluctance to go higher, Board Members Freeman, Hally and Radford are leaning toward a \$1 million cap and Board Member Smede deferred to GM Prairie's expertise. GM Prairie expressed his continued concerns with low subscription from other utilities in the region and potential cost overruns along with operational uncertainty for first of kind technology. He continued on and emphasized the importance of managing for worst-case scenarios but noted that he agreed with some of the Board in that if the project does get built on time and on budget, that it not only would be good for the city but the entire region due to the economic impact of this type of first of kind project. He reminded the Board to review the UAMPS Executive Summary included in the packet.

Q3 Financial and Operations Report

David Smith, City Accountant reviewed the quarter three financial statements and pointed out that fiber is based on cash actually received and power is based on what the utility bills out. He noted that power pays its own power bill. He mentioned that it was a good quarter for "other income" and explained the highlighted information and talked about delinquent accounts and increasing residential customers. Mr. Smith added that he is working on some new reporting features that will show actual amounts spent on projects and Board Member Francis commented on how helpful a reporting feature like that would be to utility liaisons.

In reviewing the quarter three power supply reports, GM Prairie stated that expenses are slightly up from last year at \$6.22 million versus \$6.14 million. He attributed the year-over-year (YOY) difference to lower wholesale power costs. He reported the revenue to be down slightly from this year at \$1.12 million compared to \$1.36 million last year. GM Prairie said that even though 8,560 more megawatt hours were sold, the cost was less this year at \$11.89MWh versus last year at \$15.78HWh. He reported that the new costs should have been lower YOY, but the data was skewed by a Bonneville Power Association (BPA) refund in 2019. GM Prairie said that generation looks good with as expected water flows and noted that a cold April brought the loads up some. He added that even though May and June reported normal temperatures, the load was off, likely attributed to the coronavirus due to businesses and school closures. He stated that July and August sales appear to have bounced back and mentioned that the customer count is increasing. GM Prairie said he is likely to purchase 10MWh for quarter one and may participate in UAMPS' five-year block purchase of heavy load. He pointed out a La-Nina event shaping up in the ocean and mentioned that the Almanac is predicting colder and wetter conditions for this winter.

Due to lack of time, the BPA Contracts and Statues briefing was tabled until the next meeting.

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Fiber Update

Jace Yancey, IFP Operations Technology Manager reviewed the interactive online fiber optic network map on the new fiber website. GM Prairie announced the new website and mentioned that all signups are now conducted online. Mr. Yancy showed pictures of the fiber huts and fiber optic construction projects. He mentioned that fiber construction and installation was delayed a due to the coronavirus that caused supply chain and personnel issues. Despite the delays, he said construction is wrapping up on the westside where new customers can expect fiber service by the end of October. Mr. Yancey stated that, depending on the weather, Brookside and Dunes could have new service mid to late November. In addition, he said there will be service available to about 2,200 customers in the ballpark area. Assistant General Manager (AGM) Boorman explained the splicing bid process and how it will go out to a formal bid. GM Prairie clarified that according to the fiber installation business model, the utility picks up approximately 25 percent (25%) of new customers over the year after construction. He talked about a robust marketing plan and explained a customer referral program to incentivize more business as well as the give-away of free thermostats for new fiber customers that sign up. AGM Boorman pointed out that IFP is putting in private fiber connection lines while competitors are running party lines. Board Member Hally asked if TEVO works with fiber and GM Prairie said it does as long as you have the service for it.

Utility Reports

Transmission and Distribution – AGM Boorman announced the need for a property purchase for approximately \$200,000 adjacent to the Harrison substation, which is landlocked by subdivisions. He explained that the purchase would give the utility more control over the easements for the purpose of access and changing out large transformers, etc. The board was in support of a purchase.

Federal and State Regulation/Litigation – Mr. Fife expressed his concern about the courts upholding government regulations on small cells. He pointed out that the city anticipated issues like this and it appears the city is in good shape as they responded in advance of the legislation. He stated that the utility has forms, fees and a process in place.

Organizational Membership Reports – GM Prairie stated an energy company with new technology that was deployed in Europe is planning to bring it to the United States to utilize Nevada’s geothermal fields. It couples geothermal with solar and a thermal storage battery which allows peaking and shaping of the generation output. They are looking at \$60 per MWh for a 20-year power purchase agreement. He explained that this is an example of other types of carbon free projects are being developed with new technology.

Announcements

GM Prairie announced there will be a power sales agreement for N9+LLC brought before the Council this evening. Mayor Casper mentioned how helpful it is to have articles like the Northwest River Partners’ article as supplemental information in the packet. GM Prairie mentioned that he may invite in Kris Millgate in to talk about her recent series.

There being no further business, the meeting adjourned at 11:02 a.m.

s/ Linda Lundquist

Linda Lundquist, EXECUTIVE ASSISTANT

s/ Rebecca L. Noah Casper

Rebecca L. Noah Casper, MAYOR