

May 14, 2020

The Idaho Falls Power Board of the City of Idaho Falls met Thursday, May 14, 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 Thomas Hally  
Board Member Jim Francis (by WebEx)  
Board Member Shelly Smede (by WebEx)  
Board Member Jim Freeman (by WebEx)  
Board Member John Radford (by WebEx)  
Board Member Michelle Ziel-Dingman (by WebEx)

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager  
Stephen Boorman, IFP Assistant General Manager  
Michael Kirkham, Assistant City Attorney (by WebEx)  
David Smith, City Accountant (by WebEx)  
Pam Alexander, Municipal Services Director (by WebEx)  
Josh Roos, Treasurer (by WebEx)  
Linda Lundquist, IFP Executive Assistant

Mayor Casper called the meeting to order at 7:04 a.m.

Board Member Radford gave a short briefing from a recent American Public Power Association's (APPA) Policy Makers Council meeting and mentioned that the Democrats had released a fourth Stimulus Package for three trillion dollars that could aid state, county and local city governments. APPA recommends that Policy Maker members reach out to their states to initiate funding dollars. He noted that Idaho Low Income Home Energy Assistance Program (LIHEAP) would receive extra funding. Mayor Casper recapped some of the bill's other highlights. Board Member Hally added that phase two of Idaho Rebound begins on Saturday at noon and Mayor Casper mentioned that Governor Little's press conference later today would signal if the state would be moving forward or not.

Polling sheets were reviewed and circulated to Board members on their availability to tour the IFP transmission line and upcoming summer meetings. GM Prairie explained that polling is helpful to event organizers in determining an appropriate method of delivering the 2020 annual summer meetings to its members.

2020/21 Budget

GM Prairie gave a high-level overview of the proposed 2020/21 budget and mentioned that it's about 90 percent (90%) complete with some minor refinement currently taking place. He highlighted areas in the budget with proposed increases and reductions. GM Prairie explained that rate adjustments are not likely, but mentioned the possibility of a small increase in the residential base charge. He reviewed the IFP open positions and the marketing in place to fill them. Land use needs and remodeling plans were briefly described. There was a discussion on substation upgrades and expansions. GM Prairie stated there will likely be more capital project and cost of service information presented in June.

May 14, 2020

Q2 Financials

GM Prairie reviewed the second quarter year-over-year power supply revenues and said that they fall in line with the prior year, but noted that wholesale prices were 30 percent (30%) lower this year than last with retail selling more and at higher prices. He explained that the cost of service model is accurate from a retail revenue standpoint and added that there are no hedges on the books after this summer. David M. Smith, City Accountant reviewed the first six months of revenue and expenditures and noted that six million dollars in profit will go to capital expenditures. He explained items from the balance sheet and reviewed each chart, explaining how cash-on-hand is determined. He reviewed budgeting and spending authority practices and emphasized the importance of planning. There was a brief discussion on budgets for capital planning and how bad debts are charged in audits. Mr. Smith recommended that the City adopt a bad debt policy.

International Brotherhood of Electrical Workers (IBEW) Agreement – May 10, 2020 to May 8, 2021

GM Prairie reviewed the union contract and noted that most of the changes this year were focused on cleanup, correcting minor grammatical errors and aligning the union policy with City policy. He explained that healthcare is viewed as a benefit and is paid out the same as nonunion employees, whereby overages go into Health Retirement Accounts and underages are covered by the employees in the union through a co-pay. GM Prairie added that the union voted in favor of the agreement on May 7, 2020. Mayor Casper said she appreciated the efforts to shrink and simplify the contract and attributed a successful outcome to excellent relations with the union.

It was moved by Board Member Radford and seconded by Board Member Freeman to approve the 2020/21 IBEW Agreement. With unanimous approval, the motion was passed.

Power Supply/Long-Term Resource Planning

GM Prairie reviewed power supply costs. He noted how the utility is surplus electricity 85 percent (85%) of the year or more. He continued to explain that we are deficit energy in the cold winter mornings, evenings and in the hot summer afternoons in July and August. He noted how since the utility is surplus on an annual basis, that wholesale prices going up helps lower overall power supply costs by the additional revenue offsetting other expenses. He presented a cost comparison on adding the Small Nuclear Reactor (SMR) to the IFP portfolio in the next few years versus waiting and risking higher wholesale prices. He noted how under most all scenarios the SMR will raise power supply costs as opposed to status quo of going to the market to purchase energy when deficit over peak periods. There was general discussion on the decision to pursue the SMR back in 2018. He continued and explained that the load projections from 2012/13 haven't been realized yet and with all of the renewables combined with inexpensive natural gas coming online, it might seem harder to justify an SMR investment right now. However, GM Prairie estimates an SMR investment now at 2018 prices will be less expensive than in 2035, and past high capital projects have shown that it pays itself off over time and could become more cost effective as you pay down the fixed costs. There was a discussion about the different types of energy options available now and on the horizon and how studies have shown their costs decreasing over time as newer technologies emerge. GM Prairie reviewed a Capital Cost Comparison graph that compare the costs of building different types of plants based on kWh. GM Prairie and the Board reviewed the Lizard Study and discussed variable costs versus capital costs of different generation assets. Board Member Radford commented on the risks of relying too heavily on the Bonneville Power Administration (BPA) for energy purchases and noted that the risks of building for a future has high payoffs in the long run. GM Prairie stated that the studies and information presented could help inform the Board's decision making process on when and what energy sources should be added to the IFP portfolio. Board Member Hally asked if there was a commitment date for the SMR and GM Prairie stated nothing firm yet but likely in the next three months the Board will need to make the

May 14, 2020

commitment to continue with the project or take an off-ramp with the impending budget amendment from Utah Associated Municipal Power Systems (UAMPS) this likely this summer.

Utility Disconnect Policy

AGM Boorman reviewed Idaho Rebound's staged reopening plan, disconnect schedules and the City's current disconnect policy. He mentioned that interdepartmental collaboration was needed and appreciated to arrive at solutions that could help get customers caught up on their bills before the winter months. He reviewed the proposed changes to the current policy and noted there is payment assistance available through programs like Low Income Home Energy Assistance Program (LIHEAP). There was a general head nod from the Board to send a policy resolution to the May 21, 2020 City Council meeting for a vote.

Utility Reports

*Transmission and Distribution* - GM Prairie explained there was a BPA owned CT at the Sugarmill substation that was scheduled for replacement two years ago and subsequently failed. This failure resulted in a large outage for IFP. IFP is working on a replacement for the metering transformer in which IFP would own this equipment and operation and maintenance responsibilities. GM Prairie believes that from his experience IFP owning these assets as opposed to BPA, will result in better reliability through better maintenance and more routine replacements.

*Generation* – GM Prairie announced that there is a Hydro Generation Insurance Policy renewal for ratification in tonight's City Council meeting.

*Fiber* – GM Prairie asked the board to review the fiber information that was included in packet for homework. AGM Boorman announced there is a fiber/electric boring bidding project in tonight's City Council meeting, meant to address failing underground that is mostly occurring on the Westside. He noted that 20 percent (20%) of the cost is to run fiber through the electric conduit in the same area.

There being no further business, the meeting adjourned at 11:03 a.m.

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

Linda Lundquist, EXECUTIVE ASSISTANT

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

Rebecca L. Noah Casper, MAYOR