

**PAROWAN POWER BOARD MINUTES
SEPTEMBER 21, 2023
CITY OFFICES – 35 EAST 100 NORTH – 5:30 P.M.**

MEMBERS PRESENT: Jared Burton (Chair), Jeremy Franklin (Power Superintendent), Matt Gale (Council Representative), Sharon Downey (Council Representative), Greg Evans, Stacy Gale (Secretary).

MEMBERS ABSENT: Dan Jessen (City Manager), Jeff Robison.

PUBLIC PRESENT: None.

CALL TO ORDER: Jared Burton called the meeting to order at 5:40 P.M.

DECLARATION OF CONFLICTS WITH OR PERSONAL INTEREST ON ANY AGENDA ITEMS: None.

APPROVAL OF MINUTES: Matt Gale moved to approve the minutes of June 15, 2023. Greg Evans seconded the motion. All members present voted in favor of approval. The motion carried. The minutes were approved.

PCA UPDATE – Jeremy Franklin handed out a graph (attached). He said the green line is the under collection; it is starting to turn back the other direction which is good. The yellow line is the PCA revenue we have collected since April. The red line is the UAMPS monthly power cost which is trending down. The second page shows this in numbers. He pointed out in the bottom right corner that in June and July we did not go in the hole. Jeremy talked about what other city's PCA's are. He asked the board if they wanted to keep the PCA at 4 cents per KWH to continue to collect on the under collected. The board agreed to keep it at 4 cents per KWH.

FIRM POWER SUPPLY PROJECT DISCUSSION – Jeremy Franklin handed out a sheet with information on agenda items #5 and #6 (attached). He said the Firm Power Supply Project is a UAMPS project (see handout for description). We are the one of the only UAMPS members who aren't in this because we haven't needed resources; Hunter has covered our load. Jackie Coombs from UAMPS asked Jeremy if he was interested in getting into the Firm Project now. He said this project will see more projects come into it that we can sign up for. Typically, as UAMPS looks into a project, for example the Enchant Program, and we sign up for it, once it becomes a project it gets moved to Firm. So, if Enchant would have become a project then we would have been moved to Firm anyway.

Jeremy said his recommendation is to join the Firm project so when they go into deeper discussion or executive session meetings at least he is in the project and he is at the table. He said it will cost us a little more from UAMPS; they bill per kilowatt hours, and there are some general fees, but it won't be much because we are not taking any kilowatt hours out of the project yet. The upfront cost will be very minimal. Jeremy said it will give us options to upcoming resources to help our portfolio be more diversified. He said Jackie with UAMPS sent

him the contract and he will need the mayor to sign it, but he wanted to bring it to the Power Board's attention first. The committee was good with Jeremy forwarding it to the mayor.

UAMPS UPDATE – Jeremy Franklin said the handout included what UAMPS sent to him on the CFPP (attached). He said with the two Reimbursement Agreements with NuScale, the two targets needed to be met on this project were 80% subscription by the end of this budget phase and the \$89/MWH price target. Basically, those reimbursements will need to be vetted by the time we go to the Combined Operating License Agreement (COLA) which is supposed to be around February 2024. The price component we should be getting is project class estimate #2 in the first week in November, so the UAMPS engineers will look that over and run it through the ECT test. If that is not at the \$89/MWH then that could be the first thing to shut this project down. Jeremy referred to the last paragraph of the first page which says "Inflation, increased financial costs, and uncertainties about the application of the Inflation Reduction Act presents challenges to meeting the required LCOE"; he said he's not going to say that it is not going to make it, but that number is definitely challenged and is going to be hard to meet. He said on the subscription front there has been more interest in the last month or two, but the timing to get everyone signed up and get to the 80% is a daunting task. Jeremy said we will know more in November on the price, we will know more on the subscription in January and February. They are both really challenged and it's going to be tough. We are still sitting at 120 MW; we need to be 380 MW to be 80%. UAMPS said the biggest concern with people signing up has been worry about cost overruns; historically nuclear power plants have never been built under budget and on time. Some are worried about transmission that we talked about at our last meeting. Jeremy will keep the committee posted on what is happening.

Jeremy said UAMPS was able to purchase about 45 tons of coal from another Hunter participant; he said Hunter runs at 22,000 tons a month if it ran continually. He said it did help through the winter. Jeremy said in July, August, and most of September the plant has run which should help our next few power bills. They don't plan on running through October and November because typically prices are pretty low those months; the plan is to curtail for those two months then look at November pricing and see.

Jeremy said Sunnyside, which is a waste coal project that we looked at, is a 3-year purchase, around the clock. The recommendation he received from UAMPS resource and analytic guy was since it is around the clock that we do not buy into it. It is in the \$70-\$72 range, and right now the market price is in the \$30-\$40 range so we would have more surplus.

Jeremy said the Colorado River has been up so that resource has been really good. He said they are going to tour the dam next month for the UAMPS Board Retreat.

Jeremy said he would love to see our PCA come down. There was a discussion about the PCA, what other cities are doing with it, and that we aren't the one who has implemented it.

RED CREEK HYDRO UPDATE – Jeremy Franklin said the control guy will be there tomorrow, and Greg Evans and his crew have been doing some wiring there for a couple of weeks; Jeremy said we are basically ready. It will be the middle of October before we are ready

to turn it back on. The hydro will help with the PCA. There was a discussion on the work that has been done at the hydro to help protect it.

OTHER BUSINESS: Jeremy Franklin said one of his evaluation goals is to work on the Power Department page on the parowan.org website. He has some ideas of what he would like to put on there. He asked the Power Board to write down ideas of what they would like to see on the website. He thought maybe cost comparison, UAMPS link, and PCA information.

Sharon asked if he has had any more solar customers; Jeremy said yes. We now have 13 solar customers.

STAFF & MEMBER COMMENTS: Matt Gale congratulated Jeremy Franklin for the Participation Award he received at the UAMPS Conference in Jackson Hole for being on the UAMPS Board for 5 years.

Jeremy asked if the board liked paperwork or would they rather have it on the TV; they all liked the paperwork.


Matt Gale said the UAMPS Conference was really good, he thought it was one of the better ones. He was impressed with the presentation on electric vehicles. There was a discussion about the effect it would have on Parowan, and about the Beaver charging station.

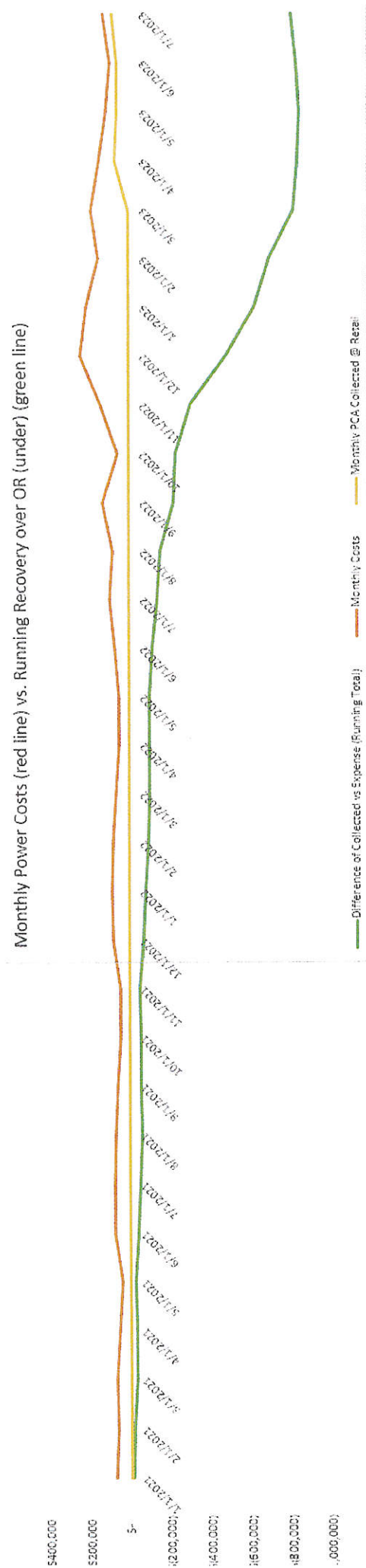
PUBLIC COMMENTS: None.

ADJOURN: Jared Burton made a motion to adjourn the meeting. Matt Gale seconded the motion. All members present voted in favor of adjournment. The meeting adjourned at 6:25 p.m.

Minutes Approved at November 29, 2023 Meeting


Jared Burton, Committee Chair


Stacy Gale, Secretary



| 2022 | 2022 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | |
|------------|------|------------|------|------------|------|------------|------|------------|------|------------|------|------------|------|------------|------|------------|------|------------|------|------------|
| 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 134,676.08 | \$ | 237,902.35 | \$ | 208,261.66 | \$ | 147,600.92 | \$ | 181,212.25 | \$ | 140,598.04 | \$ | 107,798.07 | \$ | 85,279.77 | \$ | 120,326.00 | \$ | 123,867.67 | \$ | 120,326.00 |
| 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 | \$ | 3,541.67 |
| 138,217.75 | \$ | 241,444.02 | \$ | 211,803.33 | \$ | 151,142.59 | \$ | 184,753.92 | \$ | 144,139.71 | \$ | 111,339.74 | \$ | 88,821.44 | \$ | 123,867.67 | \$ | 123,867.67 | \$ | 123,867.67 |
| 476,599 | \$ | 567,145 | \$ | 738,903 | \$ | 856,101 | \$ | 927,616 | \$ | 983,753 | \$ | 1,071,501 | \$ | 1,044,623 | \$ | 892,001 | \$ | 892,001 | \$ | 892,001 |
| 1,619,102 | | 1,898,584 | | 1,930,768 | | 1,734,760 | | 1,717,591 | | 1,474,488 | | 1,303,903 | | 1,174,794 | | 1,992,386 | | 1,992,386 | | 1,992,386 |
| 230,187 | | 227,693 | | 231,400 | | 198,414 | | 247,551 | | 95,622 | | 216,268 | | 292,696 | | 257,452 | | 257,452 | | 257,452 |
| - | | - | | - | | - | | - | | - | | - | | - | | - | | - | | - |
| 1,849,289 | | 2,126,277 | | 2,162,168 | | 1,933,174 | | 1,965,142 | | 1,570,110 | | 1,520,171 | | 1,467,490 | | 2,249,838 | | 2,249,838 | | 2,249,838 |
| 10,248,718 | | 10,651,384 | | 11,095,724 | | 11,219,811 | | 11,307,184 | | 11,533,783 | | 11,606,160 | | 11,277,042 | | 10,618,255 | | 10,618,255 | | 10,618,255 |
| 0.04991 | \$ | 0.05673 | \$ | 0.07132 | \$ | 0.08199 | \$ | 0.08606 | \$ | 0.09193 | \$ | 0.09716 | \$ | 0.09797 | \$ | 0.08808 | \$ | 0.08808 | \$ | 0.08808 |
| 0.036000 | \$ | 0.036000 | \$ | 0.036000 | \$ | 0.036000 | \$ | 0.036000 | \$ | 0.036000 | \$ | 0.036000 | \$ | 0.036000 | \$ | 0.036000 | \$ | 0.036000 | \$ | 0.036000 |
| 6.8% | | 6.1% | | 6.6% | | 6.9% | | 4.7% | | 7.2% | | 5.0% | | 5.5% | | 4.6% | | 4.6% | | 4.6% |
| 0.01391 | \$ | 0.02073 | \$ | 0.03532 | \$ | 0.04599 | \$ | 0.05006 | \$ | 0.05593 | \$ | 0.06116 | \$ | 0.06197 | \$ | 0.05208 | \$ | 0.05208 | \$ | 0.05208 |
| 0.01391 | \$ | 0.02073 | \$ | 0.03532 | \$ | 0.04599 | \$ | 0.05006 | \$ | 0.05593 | \$ | 0.06116 | \$ | 0.06197 | \$ | 0.05208 | \$ | 0.05208 | \$ | 0.05208 |
| - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0.040000 | \$ | 0.040000 | \$ | 0.040000 | \$ | 0.040000 | \$ | 0.040000 | \$ | 0.040000 |
| - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0.040000 | \$ | 0.040000 | \$ | 0.040000 | \$ | 0.040000 | \$ | 0.040000 | \$ | 0.040000 |
| 1,728,475 | | 1,908,070 | | 1,975,190 | | 2,067,662 | | 1,696,846 | | 1,651,961 | | 1,362,595 | | 1,372,988 | | 1,936,964 | | 1,936,964 | | 1,936,964 |
| 9,548,634 | | 9,998,099 | | 10,360,239 | | 10,441,594 | | 10,778,705 | | 10,701,657 | | 11,028,204 | | 10,662,324 | | 10,127,242 | | 10,127,242 | | 10,127,242 |
| 62,225 | \$ | 68,691 | \$ | 71,107 | \$ | 74,436 | \$ | 61,086 | \$ | 59,471 | \$ | 49,053 | \$ | 49,428 | \$ | 69,731 | | 69,731 | | 69,731 |
| - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 66,078 | \$ | 54,504 | \$ | 54,920 | \$ | 77,479 | | 77,479 | | 77,479 |
| 62,225 | \$ | 68,691 | \$ | 71,107 | \$ | 74,436 | \$ | 61,086 | \$ | 125,549 | \$ | 103,557 | \$ | 104,347 | \$ | 147,209 | | 147,209 | | 147,209 |
| (75,993) | \$ | (172,753) | \$ | (140,696) | \$ | (76,707) | \$ | (123,667) | \$ | (18,591) | \$ | (7,783) | \$ | 15,526 | \$ | 23,342 | | 23,342 | | 23,342 |
| (308,421) | \$ | (481,174) | \$ | (621,871) | \$ | (698,578) | \$ | (822,245) | \$ | (840,836) | \$ | (848,618) | \$ | (833,093) | \$ | (809,751) | | (809,751) | | (809,751) |

Agenda Item #5

The Firm Power Supply Project manages various power supplies for participating members. The project agreement provides flexible terms for the purchase and the sale of capacity and energy from multiple resources. The project includes long-term market purchases, wind energy from the Pleasant Valley Wind Energy Facility, geothermal/solar from the Patua Geothermal Plant, and three utility scale solar projects scheduled to be online in 2023, Red Mesa Tapaha and Steel Solar 1(A) and 1(B).

Agenda item # 6

Uamps Update:

CFPP

- The CFPP team continues to drive to project execution and delivery.
- Previously defined commercial success criteria of 80% project subscription and a Levelized Cost of Energy (LCOE) of \$89/MWh based on a contractually defined Economic Competitiveness Test (ECT) are necessary for the project to continue.
- The subscription target must be met before the submission of the Combined License Application (COLA) to the Nuclear Regulatory Commission or February 2024 at the latest.
- CFPP continues to have conversations with prospective subscribers. Prospective subscribers have been reluctant to move forward without protection from cost overruns. Some prospective subscribers are also concerned with access to sufficient transmission at a reasonable cost.
- The ECT is expected to be performed in November 2023 after the completion of a class 2 project cost estimate.
- Inflation, increased financing costs, and uncertainties about the application of the Inflation

Reduction Act present challenges to meeting the required LCOE.

- The CFPP team is committed to working with its project partners DOE, NuScale, Fluor, and the participating UAMPS members, to identify solutions to these challenges and enable successful deployment of the CFPP.

Hunter:

- Uamps purchased coal from another Hunter participant in August
- The Hunter plant was online for High Load hours July, August and has been online most of September depending on market prices.
- Hunter will be curtailed for October and November (shoulder months) market prices are predicted to be low for these months.

Sunnyside:

- Waste coal project 3-year power purchase, around the clock
- Uamps sent out a new solicitation for subscription yesterday.
- I discussed our load and resources with Uamps' resource pro and we feel it is best that Parowan does not join Sunnyside project as the need for an around the clock purchase would put us more surplus some hours and we could make a market purchase that would better fit our needs and load.