



POWER COMMISSION BOARD MEETING

MEETING MINUTES

FEBRUARY 6, 2018

MISSION STATEMENT

Kaysville City Power and Light's Mission is to safely provide electricity with superior customer service at a competitive price to the residents and businesses in Kaysville City.

1. APPROVED

Kaysville City Power Commission Board held a Regular Power Commission Board Meeting at 7:10 p.m. in the Council Room of the Kaysville City Municipal Center, 23 East Center Street, Kaysville, UT.

Present: Chairman Brok Thayn, Board Member Jordan Stephenson, Board Member Alan Farnes

Others Present: Resource and Service Manager Bruce Rigby, Stacie Harward Administrative, City Manager Shayne Scott, Mayor Katie Witt, Douglas Hunter UAMPS, Chris Colbert Nuscale Power, Ben Ray Energy Experts.

Excused: City Council Member James Hansen, Power Superintendent Gary Hatch, Co-Chairman Sean Chilcote, Board Member John Loveless, Board Member Patrick Hein

Opening Provided by Chairman Brok Thayn

Prayer Given by Board Member Jordan Stephenson

Mission Statement read by Chairman Brok Thayn

APPROVAL OF MINUTES

This Item was tabled until the March 6, 2018 meeting.

UAMPS POWER CELL PROJECT PRESENTATION

UAMPS General Manager Doug Hunter and Chris Colbert from Nuscale Power made this presentation. This presentation was an introduction to the Carbon Free Power Project. Basically there are three parts

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to the presentation. The first concept is energy efficient which consist of energy efficient appliances, smart meters and the use of energy. Second, distributed generation which is solar PV, refueled cells and batteries. This is a very valuable to cities because this is customer invested in generation. Third, small modular reactors, which this is considered clean energy and green energy. With the green house regulations that is being put forth by the Federal Government this is an important aspect that needs to be incorporated into future projects. This is also an economic driver and resource replacement. Economics dictates that specifically coal plants are going off line in the near future. Regulated markets in the West are going to change the future of resources. The resource mix should complement the concept of what these new regulated markets could look like. There are 3 markets. First, the California independent system operators, Mountain West Transmission Group, and Peak ARC-PJM in the Northwest. The reactors in these area are working really well for these markets.

The time was turned over to Chris Colbert the Chief Strategy Officer of Nuscale that represents the technology of the reactors. Nuscale has over 450 employees and working in five states. They have invested 700 million dollars into product development. Funding came from the Department of Energy and Flor Corporation the principal shareholder. The Flor Corporation is very versed in the engineering and construction of power plants especially nuclear plants. This will be a small modular reactor that is 76 feet tall by 15 feet diameter. This is a typical pressurized water reactor. A reactor is about 1000 megawatts electric output that can be combined with a steam turbine generator. When a Nuscale power module is combined with a stream turbine generator its output is 15 megawatts electric. It's 120th of output of a large reactor. Mr. Colbert went on to describe how the technology was improved on and how they were able to make the reactor smaller and more efficient. This makes the process, equipment and construction costs economically feasible. The design has been simplified and made more efficient. The technology has made the process and reactor safer. The cooling process is more efficient and safer than the older technology. Safety is a priority and safety systems that are required are in place and incorporated into the design. Their design is actually safer than the older design. Reliability is a priority which they have been able to improve from the old design also. The plant can safely shut down and self-cool indefinitely. The licensing process is in review and was started a year ago. The Nuscale plant design is simple and small. The plant can be built in a factory with safety standards and inspections in a controlled environment. After it is built in the factory it is then shipped and assembled on site.

Doug Hunter from UAMPS finished up the presentation with the economics of the project. There is 99 reactors operating in the country at the present time. These reactors run at full capacity 100% percent of the time. With Nuscale's reactor they have been designed to run at full capacity and also designed to scale back to less than 100 % for economic efficiency. When needed to turn up production, that can be done economically also. The future energy markets will benefit from this installation which in turn will help pay for the cost of production. The regulated markets are looking forward to this coming on line so that it can be added to their energy portfolio. Energy Northwest has agreed to be the operator of the plant. They operate other nuclear plants in the Northwest of the country. They have agreed to operate the plant as if we were one of the members of their co-op. This will entitle us to operation costs being at cost with experienced operators. The economic saving will be substantial. Department of Energy is paying half of the cost of the project. Nuscale is paying 25% of project costs. UAMPS members are only paying 25 % at the present time. NRC is the regulating department and who we will report to, their primary focus is safety. They are not concerned with the cost of the project only the safety of the project. The participants from UAMPS at the present time is 36 of the 46 members. Tennessee Valley is also involved in the project. The DOE will lease the first 2 modules out of 12 modules. This means that they will take the risk of the project. If it fails for any reason and we want out of the project we have the

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option of opting out at that time. This means that we are not responsible financially for the project. We can walk away free and clear. Every Co-op member will have representative on the governing board and will have a vote to proceed or not to proceed. This is a typical and usual power contract. The risks are being reduced by having all bids and costs set in place for the voting process. The costs of the project is projected to be 4 ½ cents to 6 ½ cents per kilowatt. There will be no impact rates on the retail level. The end user will not see an increase in their bill because of this project. This project is from cradle to grave. A budget is required to be submitted to the board for their approval. The NRC requires that the money is set aside and available before the start of each phase. This project is a little different from other projects in that it will be done in phases. At the end of any one phase members get a unilateral right to get out of the contract. Other options will be available such as if they amend inside the first phase. There will be a cap of how much money can be spent in the first phase. If the PMC amends or changes that amount the member has the right to walk away from the project. The first phase is the acquisition of the land in Idaho. 1000 acres site has been identified. The first phase is making sure the site is suitable for our needs before acquiring the property. This should be completed by June 2020. Second phase is the construction phase. This phase is scheduled to be completed by the second quarter of 2023. The construction phase should take 32 months. The total project is scheduled to be totally completed by 2027. We get a license that runs for 40 years to operate this plant. The technology is a 60 year scheduled life. The license can be renewed for another 20 years so that puts the license at 60 years. They still have 400 Megawatts uncommitted resources that are available. With the announcement of the safety features of this project they have been getting calls from all over the West. A Major meeting has been scheduled in Portland, Oregon on March 8, 2018. The companies that have been following this project are very interested in being a part of it. In Oregon and California the carbon tax for Natural gas is at a high amount. So this project is very pleasing to these states. In Phase one they will be using lines of credit and not long term bonds. This will minimize capitalized interest during construction. They will be using Merrill Lynch Bank of America for the line of credit. All major commercial banks want in on this project. They will be using Piper Jaffrey as the Financial Advisor. They will only draw out money as needed as cash flow needs required instead of paying interest on all the money. Mr. Hunter asked that Power Commission as the governing body for the city to make some decisions. First, if there is an interest and if so how much or percentage of participation? He wants the commission to understand the terms of the contract. UAMPS will provide the needed information and will meet with the board as necessary so that they can approve the power sales contract. Chairman Thayn asked how much the total capital expenditure of the project would be. Mr. Hunter commented that it would be 2.85 Billion dollars. Under the financing part Kaysville City Power and Light will not be billed for anything until it goes commercial which is anticipated January 2026.

For a more in-depth look into this presentation please refer to the audio/you-tube video that is available on line at Kaysville City Website. www.kaysvillecity.com/govtment/boardsandcommissions/powercommission.

GRANDFATHERING QUESTIONS/ANSWERS APPROVAL

This agenda item was tabled until the next meeting on March 6, 2018.

MAX RESIDENTIAL SYSTEM SIZE

This agenda item was tabled until the next meeting on March 6, 2018.

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RESIDENTIAL CONNECTION FEE

This agenda item was tabled until the next meeting March 6, 2018.

COMMERCIAL/INDUSTRIAL NET METERING

A. AGGREGATION

Ben Ray from Energy Experts presented their proposal to the Board. This is specifically the building on Main Street, the Allstate building and the two shops next to the building. Aggregation means the total amount that will be allowed on our system. This topic is open to discussion. It will be presented in an open house forum.

B. OPEN HOUSE

An open house has been scheduled for March 6, 2018 at 6:00 p.m. at the Kaysville City Hall in the City Council Room. This open house is scheduled for an hour. A regular Power Commission Board Meeting will follow at 7:00 p.m. This open house will address rates, system sizes and battery storage.

SYSTEM RELIABILITY STUDY

Board Member Alan Farnes suggested that the system reliability study be done by an outside source. He feels that a study needs to be done for looping the distribution feeder circuits all together. This should be a budget item for the 2019 budget. Chairman Thayn suggested that the study could be according to our mission statement. Chairman Thayn will contact vendors who might be able to help and give recommendations on how to proceed. This item will also be added to the March 6, 2018 agenda.

CALL TO THE PUBLIC

No one was present for this item.

ADJOURNMENT

A motion was made by Chairman Brok Thayn to adjourn the meeting at 9:45 p.m. Board Member Jordan Stephensen second the Motion. The vote went as follows:

Chairman Brok Thayn	Yes
Jordan Stephenson	Yes
Alan Farnes	Yes

The motion passed unanimously.

Stacie Harward

Stacie Harward
Kaysville City Power and Light
Administrative Assistant