Kaysville City

POWER COMMISSION BOARD MEETING

MEETING MINUTES
August 4, 2020

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.

Kaysville City Power Commission Board held a Regular Power Commission Board Meeting at 7:10 p.m. in the Conference Room of the Kaysville City Recreation Building, 85 North 100 East, Kaysville, UT.

Present: Co-Chairman Alan Farnes, Board Member Jordan Stephenson, Board Member Brent Dewsnup, Board Member Alan Quigley, Board Member Krista Keetch, City Council Member Andre Lortz.

Others Present: Gary Hatch, Kaysville City Power and Light Power Superintendent, Bruce Rigby, Resource and Customer Service Manager, Stacie Harward, Administrative Assistant.

Excused: Chairman Brok Thayn

Opening Provided by Co-Chairman Alan Farnes
Prayer Given by Board Member Brent Dewsnup
Mission Statement read by Co-Chairman Alan Farnes

APPROVAL OF MINUTES

Minutes from March 3, 2020 meeting were presented. Board Member Jordan Stephenson made a motion to approve the minutes. Board Member Brent Dewsnup second the motion. The motion passed unanimously.

Minutes from June 16, 2020 meeting were presented. City Council Member Andre Lortz made a motion to approve the minutes. Board Member Krista Keetch second the motion. The motion passed unanimously.

****Additional information was received a few days after the June 16, 2020 meeting. Mr. Bruce Rigby , Resource and Service Manager informed the Board. This information was concerning the EV Charging Stations. The company Chargepoint that will be handling the transactions at the stations will receive 10% of each transaction. In addition, the board was informed that the EV Charging Stations cannot be turned off and on at will. They will stay operable 24 hours 7 days a week according to contract with Chargepoint.

CFPP PRESENTATION- CARBON FREE POWER PROJECT

The zoom meeting that was presented to the Power Board is available on the audio link under Power Commission Board meetings for August 4, 2020. Power Point presentation slides are also available attached to the minutes. This subject is a complicated and diverse subject that needs to have all the information available as its being presented by Doug Hunter, General Manager and CEO of UAMPS.

CALL TO THE PUBLIC

No one was present for this agenda item.

ADJOURNMENT

Board Member Jordan Stephenson made the motion for adjournment at 8:47P.M.
Board Member Alan Quigley second the motion.
The motion passed unanimously.

Stacie Harward

Stacie Harward
Kaysville City Power and Light
Administrative Assistant

UAMPS SMARTENERGY

Utah Associated Municipal Power Systems

KAYSVILLE CITY POWER COMMISSION MEETING

AUGUST 4, 2020

DISCUSSION ITEMS

- CFPP High Level Overview
- Discuss CFPP Development Approach through Four Contracts
  - Provide an understanding of why all four agreements are necessary before further CFPP Development Work proceeds through the Revised Budget and Plan of Finance

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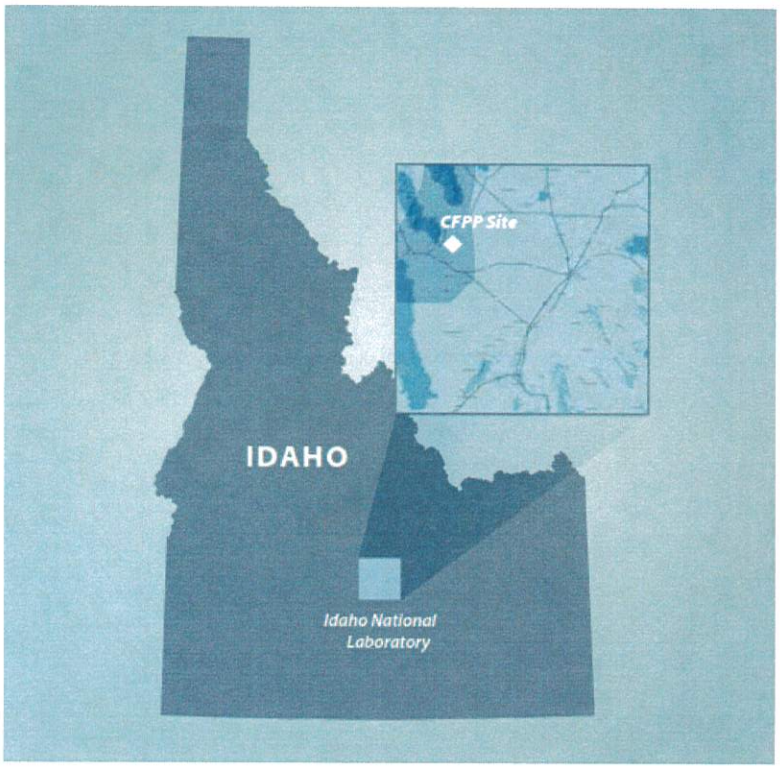
CFPP ATTRIBUTES



- $55 per MWh (2018$)
  - Competitive with NGCC at current natural gas prices
  - Fits within the 100% clean power generation bills passed by California, Washington, and New Mexico
  - Market based response to GHG, tempers the need for Federal Regulation
  - Phased Development Approach to Prudently Derisk the Project taking the Lessons Learned from Recent Reactor Development & Construction Projects
- NRC finding that NuScale Plant will not require ***Back-Up Power*** from either on-site sources or grid for safe shut-down
- ***Fast Dispatch*** from 33% to 100% of capacity
- NRC finding that NuScale plant will only be required to have ***Emergency Planning Zone*** to its fence line

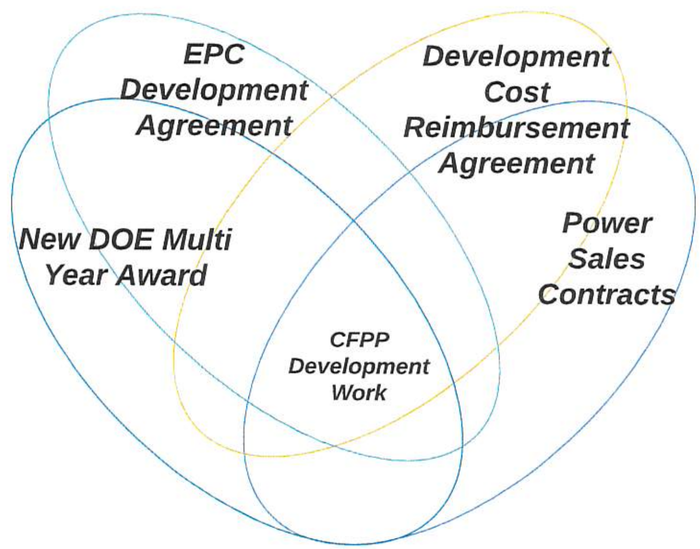
DEVELOPMENT APPROACH
BULLETS NOT CANNONBALLS

- Reality= CFPP is a first of kind nuclear project that will require a very disciplined development approach by all the project partners (UAMPS, NuScale, Fluor, and DOE) to be successful
- Work to Date=Identification of Key Risk Items Standing in the way of Success
- Success=the ability to deploy the CFPP at $55/MWh
  - Primary Economic Development Metric=Levelized Cost Of Electricity (LCOE) estimate for CFPP based on Project Cost Estimates
- Incorporate Lessons Learned from recent nuclear reactor projects and other megaprojects
  - Engineering design complete before construction
  - Mutually beneficial contractual structure
  - Integrated team
  - Owner's engineer
  - Early and often Nuclear Regulatory Commission engagement

DEVELOPMENT PHILOSOPHY DURING LICENSING PERIOD

- #1 Objective=Derisk the CFPP by targeting identified risks to reach an informed decision on UAMPS ability to deploy the CFPP at the Price Target $55/MWh (2018$) via a Definitive Budget and Plan of Finance that will be considered by each Participant's governing body
- Two Primary Areas of Risk:
  - NRC Licensing
  - Project Cost Estimates

CFPP Development Contracts



1. Power Sales Contract (Effective July 2019)
2. EPC Development Agreement & Development Cost Reimbursement Agreement to be executed in August 2020
3. New DOE Multi Year Award Anticipated to be Finalized early September 2020

❖ Items # 2 & # 3 Must be Finalized Before Revised Budget and Plan of Finance can become effective

POWER SALES CONTRACTS OVERVIEW

- Tried and True Contractual Relationship between UAMPS and Participating Members in any given Project
  - Allows for UAMPS to conduct financings for development, construction, operations, and decommissioning
- CFPP Power Sales Contract is novel due to the phased development structure that provides for contractual off-ramps at predetermined points during the CFPP Development
  - Reviewed by the Legal Committee, including PMC Representatives, city attorneys and outside counsel
  - Flexibility to address certain development unknowns
    - Lay-off Contracts
  - Cost Transparency to the Participants through Licensing Period Phases by setting Maximum Development Costs that can be expended during a Phase

PARTICIPANT WITHDRAWAL/REDUCTION TERMS

- Withdrawals/reductions are effective on the last day of then-current phase of the Licensing Period.
- A withdrawing Participant has no liability for the repayment of its Entitlement Share of Development Costs incurred or financings undertaken after the effective date of its withdrawal

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PARTICIPANT WITHDRAWAL TERMS (CONT.)

- A withdrawing Participant remains liable for the repayment of its Entitlement Share of Development Costs incurred or financings undertaken before the effective date of its withdrawal:
  - Repayment must be made within 12 months after the effective date of a Participant's withdrawal

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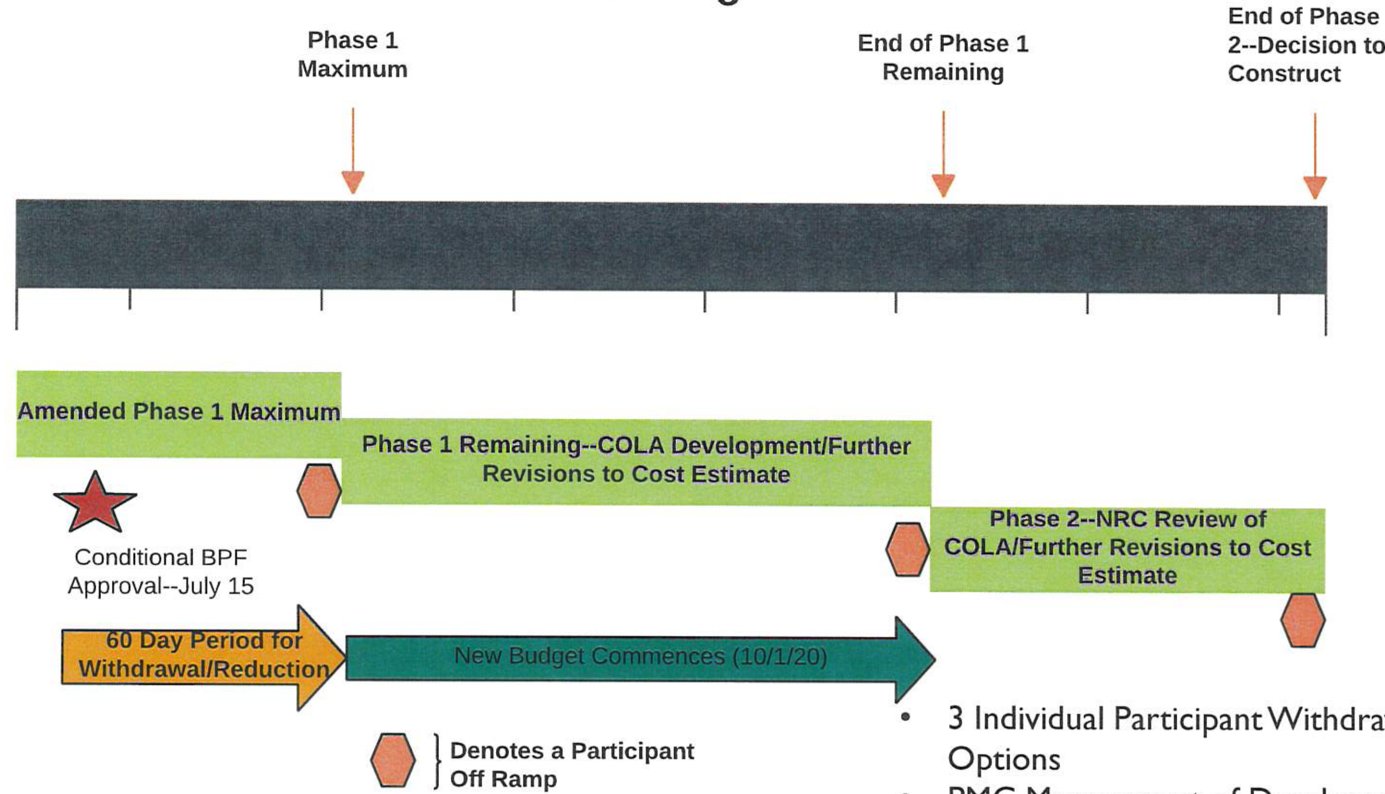
CFPP Licensing Period



- 3 Individual Participant Withdrawal/Reduction Options
- PMC Management of Development Work Between 3 Participant Withdrawal/Reduction Options

NEW DOE MULTI YEAR AWARD

- In process with DOE, anticipated to be finalized in Early September 2020
- Through CFPP Commercial Operation Date (COD)
- Total DOE Support=~$1.4 Billion
  - Massive increase from current award that has total DOE support at $60M
  - This level of cost sharing necessary to achieve $55/MWh Price Target—will be illustrated when we discuss the LCOE model inputs
  - DOE support for JUMP has been reallocated into $1.4 Billion of cost sharing—better approach to derisking the CFPP
- DOE Cost Share % varies from year to year through commercial operation date
  - DOE cost share=~23% of Total Project Costs
  - Higher DOE % through FNTP to construction
  - DOE % decreases post FNTP to construction through COD
    - The decrease of these percentages of DOE support coincide with achieving derisking milestones
- Will be subject to annual appropriations
  - Strong Bi-Partisan & Bicameral Support for Nuclear

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ENGINEERING, PROCUREMENT, AND CONSTRUCTION (EPC) DEVELOPMENT AGREEMENT

- Parties=Fluor & UAMPS
- Scope of Work: Fluor to revise the Project Cost Estimate for the CFPP through site specific engineering
  - Currently the CFPP is at a Class 4 engineering estimate (Class I before decision to construct)
- EPC Development Agreement is envisioned to serve as the initial agreement between the Fluor and UAMPS
  - Subsequent contracts→ EPC Term Sheet→ Final EPC Contract that will govern construction of the CFPP

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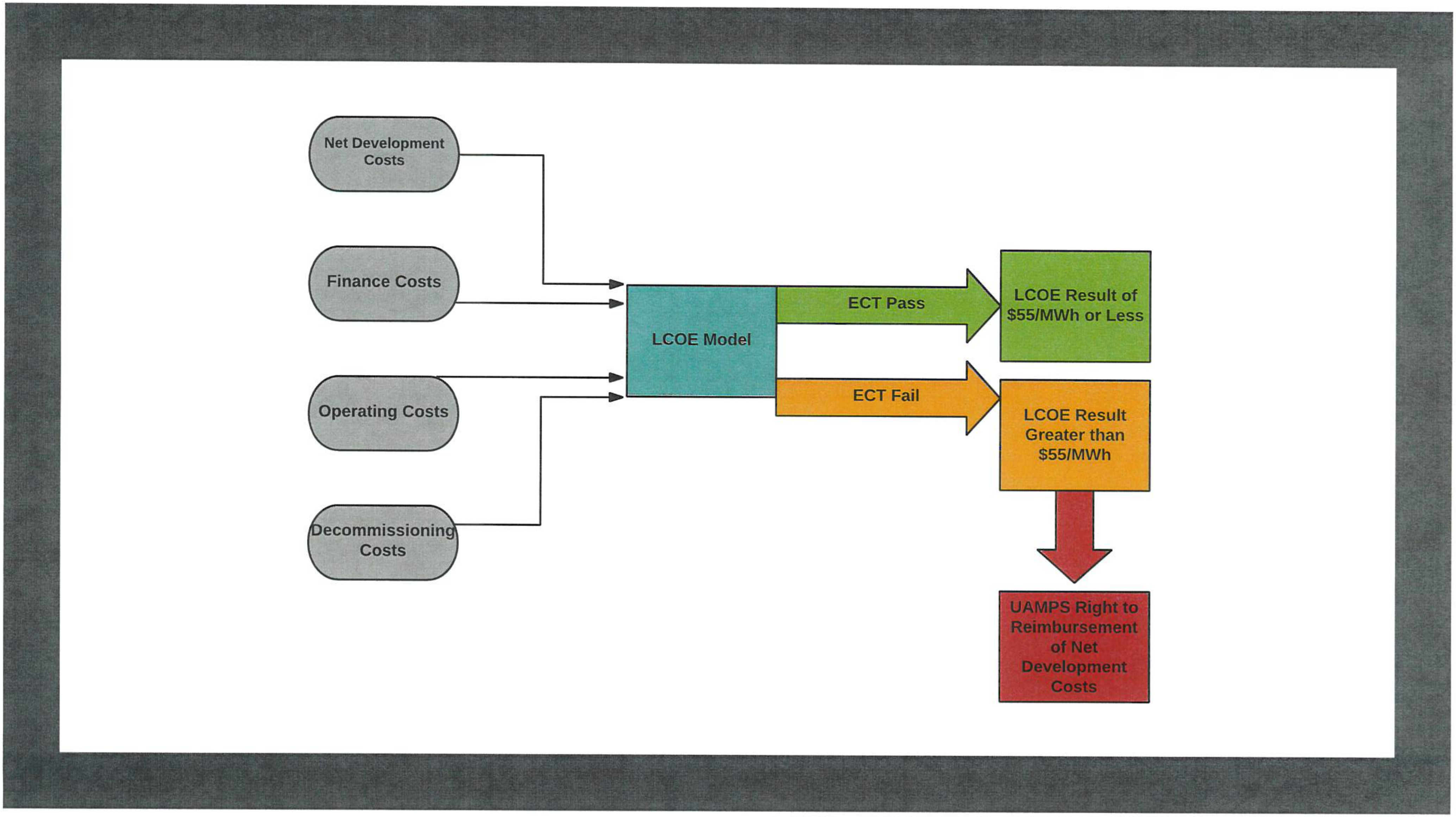
DEVELOPMENT COST REIMBURSEMENT AGREEMENT

- Parties=UAMPS & NuScale
  - Related Agreement= EPC Development Agreement (Parties=UAMPS & Fluor)
- Purpose= Reimbursement Agreement serves as insurance policy should the Project Cost Estimate (PCE) for the CFPP exceed Price Target ($55/MWh) by running the Economic Competitiveness Test
  - Benefit to the Participants= Reimbursement from NuScale Reduces Out of Pocket Exposure—Maximizes the Value Proposition of Developing the CFPP as Option—> Reimbursement Agreement reduces the Risk of Developing this Option
    - First & Most Significant Layer of Risk Reduction is the DOE Support through the New Multi Year Award
- Scope/Term: Covers the entire Development Phase of the CFPP—Reimbursement Agreement ends at UAMPS decision to construct



Net Development Costs
Finance Costs
Operating Costs
Decommissioning Costs
LCOE Model
ECT Pass
ECT Fail
LCOE Result of $55/MWh or Less
LCOE Result Greater than $55/MWh
UAMPS Right to Reimbursement of Net Development Costs

CFPP Summer of 2020 Schedule

1. **June 2020**
   - ***Project Management Committee Interim Meeting on Power Sales Contracts Off Ramps and JUMP***
   - *Meeting is open to Participant Governing Body Officials and other Participant Staff that will be bound to UAMPS Executive Session*
2. **July PMC 2020**
   - ***Conditional Approval of New Budget and Plan of FInance***
   - *Approvied by PMC on July 14 & Board on July 15th; 60 day withdrawal/reduction period commences on July 16th*
   - *CFPP Townhall Meeting (July 21); Subscription Workshop (to be scheduled for late July)*
3. **August PMC 2020**
   - ***Approval/Execution of DCRA & EPC Development Agreement***
4. **September PMC 2020**
   - ***New Budget and Plan of Finance Becomes Effective Upon PMC Determination that Four Conditions Subsequent Satisfied***
   - Participant withdrawal/reduction period ends September 15, 2020; DOE Award to be made Sept. 6, 2020
5. **October 2020**
   - ***Interim Financing for CFPP Development Work Becomes Effective***

TAKEAWAYS ON CFPP DEVELOPMENT APPROACH

- Four Development Contracts Enable the CFPP to be developed a way that minimizes Participant cost exposure while more cost certainty is achieved through Development Work
- Parties (DOE, UAMPS, NuScale, and Fluor) have spent the last five years developing this framework in a manner that recognizes each Parties respective limitations while still enabling a development approach that can allow for the successful deployment of the CFPP
- New Subscribers have reduced cost exposure to participate due to the New DOE Multi Year Award
- Second and Third Wave of Subscribers will have LCOE based on their time of participation to reflect project derisking that has occurred

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