

PAROWAN POWER BOARD MINUTES
SEPTEMBER 28, 2022
CITY OFFICES – 35 EAST 100 NORTH – 5:30 P.M.

MEMBERS PRESENT: Jeremy Franklin (Power Superintendent), Jared Burton (Chairman), Matt Gale (Council Representative), Sharon Downey (Council Representative), Dan Jessen (City Manager), Greg Evans, Heather Shurtleff (Substitute Secretary).

MEMBERS ABSENT: Kyle Hansen.

PUBLIC PRESENT: None.

CALL TO ORDER: Jared Burton called the meeting to order at 5:41 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 May 19, 2022. Jared Burton seconded the motion. All members present voted in favor of approval. The motion carried. The minutes were approved.

FERC INSPECTION – Jeremy Franklin said we are at our 5-year FERC inspection to keep our license. They only found 3 items we need to complete to stay in compliance. Once these are done, we need to send pictures to show that they have been done.

1. Center Creek Power Plant: grub out the bushes by the bypass pipe to have better visual.
2. Red Creek: grub out by the right retaining wall of the intake structure; Jeremy will do that tomorrow.
3. Battery Rack: there is no containment around it. Jeremy said they will pour a 6-inch concrete wall around it; they will do next week.

Jeremy said the inspection went well and he was happy with it.

Jeremy said Red Creek Plant has 2 different canyons that feed it; South Fork and the main canyon of Red Creek. South Fork is an 8-inch still line and the other one is an 18-inch line and they come together at the main canyon. Jeremy said the road to South Fork is about 1 ¼ miles and is rough; it been washed out a few times and he has repaired it twice this year, and the intake structure has a lot of debris. It is an 8-inch line that we hardly ever turn into the pipe. The elevation sits lower than the other one so we don't gain much kilowatt hour production from it. Jeremy said we have the option to turn it into the main pipe and gain a little more production from it in the winter; during the summer there is usually more pressure out of the main canyon so we don't use it. Jeremy asked the FERC inspector what it would take to decommission it; he said to basically restore it all to natural, so rip out the steel pipe and concrete structure up top. Matt asked whose water it is; Jeremy said it is ours, we run it through the power plant. Jeremy said he would probably have to do a license amendment with FERC.

There was a discussion about the water rights and not wanting to lose them; Jeremy didn't think that would be an issue. Jeremy said this isn't something we need to make a decision about right

now, he just thought it was something we need to think about before the next FERC inspection. Jeremy said we would need to hire someone to do a license amendment and plan.

UAMPS UPDATE – Jeremy Franklin said last week at UAMPS they had a day and half of just nuclear discussion. He said the nuts and bolts of it is with the rising cost of interest rates and materials the engineers feel we are most likely going to fail the next economic competitiveness test. He said they discussed a lot about the upcoming economic competitiveness test and the Class 3 Cost Estimate (handout). The largest concern with the whole project is subscription; we are still at 116 megawatts of subscription; we need 462 to be fully subscribed. UAMPS has done a lot of work in the north west to get more subscribers, so subscription is a huge concern, as well as cost. UAMPS is going back to the Department of Energy and the manufacturer of the module to see if they will kick more in this next phase to help. The feeling Jeremy got at UAMPS and its members is that the 12-15 small Utah cities that are in the project can't carry it. He said they are still trying to move forward and finding another funding mechanism. He said he isn't sure how The Inflation Reduction Act of \$30/MWh reduction in LCOE will affect it. There was a discussion about how the project could change, and that UAMPS does not want to see this project die. Jeremy will get more information of this at his October UAMPS meeting.

Jeremy said that Enchant Carbon Capture is almost a dead deal; we will only lose the development cost we put in up front which is minimal. There was a discussion about IPP and that we signed to continue with the gas project. LA Department of Water and Power is the operator and owner and they are doing a blend of natural gas and hydrogen; they will start that plant with 10% hydrogen. Jeremy said IPP will be online with gas in 2025.

OTHER BUSINESS: Dan Jessen said that the city has signed a MOU with the school district on the solar trailer that will light the "P" Hill. The easement reads: "The request is for an easement that would allow a semi-permanent mobile trailer to be parked with a connective power source for a more sustainable lighting program. The trailer will be parked in proximity to the 'P' and would be a unit owned and operated by Parowan City." Dan said that sounds like an easement for the trailer instead of an easement for the "P"; the language needs to be changed, because the easement should be for the "P" and word it so the historic footprint of the "P" is in the easement.

Matt said the school district wants us to maintain it but it wasn't in the agreement; that would have to come out of the \$1,000 fee per year. Dan said the \$500 from the city and \$500 from the district will go into a fund for maintenance and replacements; if we want to spend more than that we would need to fundraise. Matt asked about insurance and liability; Dan said the trailer would need to be added to our insurance. Sharon said she liked the idea of the county helping clear the brush around the "P" to mitigate the danger of fire. Matt said Ryan Riddle talked about doing mitigation there.

Dan said we'll make sure the "P" is the point of the easement. Greg asked what is the term of the easement; Dan said we had to re-word it to say that we are requesting the maximum 30-year term and plan to renew it indefinitely, and work on an MOU for this.

Jeremy said we are still waiting for the metering cabinet for the new RV park and it may be until January because of getting parts. He said all the RV park's materials will be here next week. Jeremy asked what the committee thought about him energizing one row to get an estimation of what an RV runs for 1 day, then have the RV park keep a tally of how many RV's they have for the month and that would be an estimate for their power bill until the cabinet is installed. After some discussion about different options, it was decided to get an average of 3 or 4 trailers and bill from that. Matt said to check into the office and laundromat; Jeremy said he will take a look and get an amp reading and get an estimate.

Jeremy said 3 phase transformers are 2 to 3 years out. There was a discussion on how to handle the new Ace Hardware store when they get ready to build.

Jared asked about the cost study. Jeremy said they have been meeting and they have most of the information to run it through their mode, and should be locked down on it within 3 weeks to a month.

Matt said an update from City Council is commercial impact fees are being lifted March 31, 2023 at noon. Jeremy explained what the impact fees now were based on. Dan said the more we stay with our old impact fees, the more money we get. He said as soon as we do a new study those impact fees are going to drop way down. There was a discussion on the formula for impact fees, when we should redo our impact fees, how it will affect new businesses coming here, and different city scenarios. Dan said we need to take a hard look to see what commercial and residential impact fees are.

STAFF & MEMBER COMMENTS: None.

PUBLIC COMMENTS: None.

ADJOURN: Jared Burton moved to adjourn the meeting. Sharon Downey seconded the motion. All members present voted in favor of adjournment. The meeting adjourned at 6:31 p.m.

Minutes Approved at November 17, 2022 Meeting



Jared Burton, Committee Chair



Stacy Gale, Secretary