Power Board Meeting Agenda

10/5/2022

3:00 PM

Power Department Meeting Room – 526 W 600 N

Notice is hereby given that the Power Board will hold a Regular Meeting in the Power Department Meeting room located at 526 W 600 N, Hurricane, UT. A silent roll call will be taken, along with the Pledge of Allegiance and prayer by invitation.

AGENDA

1. Pledge of Allegiance
2. Prayer
3. Approval of Minutes from September 2022 Regular Meeting and September 2022 Special Meeting

STAFF REPORTS

Scott Hughes/Power Director
Brian Anderson/Transmission & Distribution Superintendent
Michael Ramirez/Service Superintendent
Jared Ross/Substation & Generation Superintendent

OLD BUSINESS

1. 1150 West Alignment Study Update
2. Capacity Update

NEW BUSINESS

1. UAMPS Updates
2. Budget

The Hurricane City Power Board met on September 7, 2022, at 3:00 p.m. at the Clifton Wilson Substation on 526 W 600 N.

In attendance were Chairman Mac Hall, Pam Humphries, Jerry Brisk, Joseph Prete, Charles Reeve, Dave Imlay, Scott Hughes, Brian Anderson, Mike Ramirez, Jared Ross, Fred Resch, Dayton Hall, Kaden DeMille, Paige Chapman, Nanette Billings, Todd Cole, and Crystal Wright.

Mac Hall welcomed everyone to the meeting; Pam Humphries led the Pledge of Allegiance and Jerry Brisk offered the prayer. Dave Imlay motioned to approve minutes from the August 2022 meeting after some corrections. Pam Humphries seconded the motion. Motion passed unanimously.

Scott Hughes: Scott Hughes provided information regarding the upcoming NuScale facility tour. There are two people planning to attend so far. Provided an update with employees. We are still busy and short-staffed. Two employees are completing apprenticeship testing. Jordan Steglich will be taking his 3rd year step test and Tyson Irvine is challenging the first two years of his substation apprenticeship. We offered the lineman position to a candidate. He took a couple weeks to think about it and did not accept the offer. He would have had to relocate, and the position offered less pay than he is currently making.

Joseph Prete asked about the alert that was sent out about power prices. Scott Hughes stated the discussion is planned for later in the meeting. Paige Chapman said that Kaden DeMille needs to leave by 4:00 p.m., so it may be wise to move that discussion up. It was agreed to change the order of discussion items.

Budget: Scott Hughes presented budget graphs and information. Discussion about the unfavorable outlook with high power prices affecting the budget. Dave Imlay provided some history about the graphs and explanations for some of the causes of increases in prices. Scott Hughes reported we currently are paying extremely high prices for power that we are resource short. He displayed and showed a planning graph that we use daily to make decisions on scheduling resources. Crystal Wright described some of the specific days' information and explained some of the projections. When we first received the notification a big power purchase had been made at a high price, we sent out an alert on social media to attempt to help decrease load. Pam Humphries asked if the notification made an impact. Scott Hughes explained there isn't a way to tell definitively how much, but our loads were very slightly lower during the peaks. Crystal Wright explained a correlation between temperatures in neighboring states and how they potentially affect pricing for the power market and natural gas. Scott Hughes asked Kaden DeMille for a financial outlook update. He stated this time of year while they are actively gathering the fiscal year end numbers that it is the most difficult time to report those numbers. Kaden DeMille reported some of the challenges and projections coming from other municipalities for their future budget outlooks. Many are tightening up expenditures. He is hesitant to jump into some capital projects due to this. He wanted to note that the budget isn't balanced without a rate increase.

Power Rate Study Update: This discussion proceeded after the Budget discussion. Scott Hughes reported an update on some of the data that is being gathered in preparation for this. His desire was to use demand usage data to help determine if demand rates needed to change. This information ended up being harder than anticipated to obtain. There is some new data that needs to be reviewed. Dave Imlay reported that even with a 4% increase, we would be well below other entities in our area. Kaden DeMille reported that it is a nod to our Power Directors who have been judicious in their planning and budgeting to enable these low rates for our residents. A question was asked regarding whether a 4% increase would be enough. Paige Chapman stated our budget for UAMPS bills for fiscal year 2022-23 is $11 million. Nanette Billings wanted to know how much we have paid this year. Our new fiscal year just started so we only have received one billing. It will be hard to tell for a few more months. Scott Hughes explained there will be a rate increase that will be presented to City Council this upcoming meeting. The details are still being discussed. Joseph Prete asked about the likelihood of power rates decreasing if at a future point our costs decrease and if there is information available to help project future power pricing. Charles Reeve stated the future power pricing is highly political and driven by policies made affecting various types of resources. These tend to change in cycles and are hard to predict.

Brian Anderson: Michael Ramirez reported for Brian Anderson. The Cordero line extension is moving forward. Some of the poles have been set in place. There were 4 poles moved for a project on corner of 100 South 100 West where sidewalk would go right into where the existing pole was. Peach Days projects went off without any big issues. Minor things were handled. Reported on the generator run. Scott Hughes mentioned that once the actual numbers come in for rates and the cost savings the generators provided, we will compile information to bring back to present to the board. The employees have worked well as a team, often with personal inconvenience to make sure we could run the generators for long hours at a time.

Mike Ramirez: Michael Ramirez reported that projects continued as normal with a slight slowdown.

Jared Ross: Michael Ramirez reported for Jared Ross. Generator 9 air permit has been approved and we are waiting for the 30-day public comment period to pass. We are in line for the purchase of Generator #9. The Brentwood metering point has been completed. Provided an update on the generator run and the issues that we’ve experienced during this generator run. Generator #2 had a radiator fan hit and destroy the shroud and break most of the fan blades. Generator #6 had a valve drop out and get into the piston. Both generators are down and waiting to be repaired. It is anticipated that they won’t be repaired prior to the end of this generator run season. Reported on the repair that was done on Generator #7 when the turbo blew and caused a fire in the exhaust. This has been repaired and is back in service.

Three Falls Substation Update: Michael Ramirez reported they are completing the pad this week out at the Three Falls Substation site. They have ordered the basement and are planning on putting conduits in for the getaways. This project is moving ahead.

1150 W Alignment Study Update: Scott Hughes provided update that this project is still moving forward. Public comment meeting information is being compiled. He has emphasized to Mike Vercimak the most important part of the project for the Power Department is the section from 1300 South to 3000 South. There have been requests to change the planned route from affected residents. Alpha Engineering has been provided with that information and are running numbers to see how much different routes would change the overall cost of the project. Dayton Hall provided preliminary information received from Alpha that they have run rough numbers and one route is proving to be much less expensive than the other. Joseph Prete asked when we’re planning on receiving completed information from Alpha Engineering. Dayton replied that they want to have good information to present to City Council so they can make a good decision. The time frame is unknown.

Solar Policy Update: Scott Hughes reported this has been a very big project. The equipment and technology changes constantly and quickly. Trying to stay on top of it is challenging. We are looking at adjusting many aspects of our existing policy. We have investigated putting together a sub-committee to review and discuss differing aspects of solar and our policy and to provide input. Scott Hughes introduced Todd Cole who just installed a solar system with a battery on his home. We are looking into creating a diverse panel of people on this proposed committee to provide input. Discussion about positives and negatives of solar and how some of the existing policies were determined. The committee that is being created would be used to address anything that is behind the meter, not just solar. Mac Hall asked Dayton Hall if the Power Board can create a sub-committee as discussed. Dayton Hall said yes, the board is a recommending body using this potential committee to help make their recommendations. Todd Cole explained his experience with his solar installation and that he had approached the Power Department with some questions and suggestions. Mac Hall asked if we want to continue to make a motion now or wait until the New Business section of the meeting. Dave Imlay made a motion to allow Scott Hughes and the staff to determine members for and create a sub-committee for Distributed Energy Resources (DER). Charles Reeve seconded the motion. Motion passed unanimously.

Rocky Mountain Power Agreements Update: Scott Hughes reported that the agreements have been completed and signed. The final cost was $125 per megawatt. This is the price we will pay, and the price they will pay us as well. We are still in communication with them regarding the Sky Ranch area of their system.

Consideration and possible creation of Distributed Energy Resources (DER) sub-committee to provide input on policy: This was discussed earlier in the meeting during the Solar Policy Update section.

Consideration of possible member suggestions for Distributed Energy Resources (DER) sub-committee: This was discussed earlier in the meeting during the Solar Policy Update section.

Discussion and possible recommendation regarding bylaws for Power Board Members: Scott Hughes presented the information that to bring our board into alignment with the ordinance that we need to get some direction from the board. Our ordinance states we have five voting members including one member of City Council. We currently have six voting members including one member of City Council. It also mentions terms for each board member which are currently not clearly stated. Dayton Hall explained he investigated all the boards within the City to review them. He doesn't see the need to remove a member until someone's term is up. Scott Hughes explained maybe it would be better to update the ordinance to include the extra member. Joseph Prete asked about maybe adding a seventh member to have an odd number and a concern about what happens in the case of a tie vote with an even number of board members. Mac Hall stated in the case of a split vote the recommendation goes to City Council as a split vote currently. It rarely, if ever, has happened. Dayton Hall discussed the issue with terms has been resolved by other boards simply by declaring terms to start in the event it is unclear when the actual terms began. We would want to create alternating terms. Each person that wishes to continue could be reappointed by the Mayor with the consent and approval of City Council for a new term upon the expiration of an existing term. Joseph Prete made the motion to send a resolution to the City Council to create alternating terms and to amend the ordinance to increase the number of commissioners from five to six members including the member of City Council. Dave Imlay seconded the motion. Motion passed unanimously.

UAMPS Updates: Scott Hughes provided UAMPS updates. The Carbon Free Power Project (CFPP) is moving along well. In the subscription update it was reported that Grant PUD decided not to go with NuScale and has chosen X-energy instead. The Enchant project had many hurdles to overcome and the feeling coming back from UAMPS meetings is that the project outlook is bleak. Steel Solar is still moving forward. Resource projects include the Geothermal Project. That is still moving forward as well. Muddy Creek is still proceeding. The Inflation Reduction Act (IRA) has the potential to reduce the costs of the CFPP and Muddy Creek projects. Reports from those who attended the UAMPS Member Conference about some positive things learned from the conference.

The Power Board adjourned at 5:30 p.m. The next Power Board Meeting is scheduled for October 5, 2022, at 3:00 p.m.

The Hurricane City Power Board met on September 14, 2022, at 3:00 p.m. at the Clifton Wilson Substation on 526 W 600 N for a Power Board Special Meeting.

In attendance were Chairman Mac Hall, Pam Humphries, Jerry Brisk, Joseph Prete, Charles Reeve, Scott Hughes, Brian Anderson, Mike Ramirez, Jared Ross, Kaden DeMille, Paige Chapman, and Crystal Wright.

Mac Hall welcomed everyone to the meeting and offered the prayer.

Discussion and possible recommendation of approval for power rate increase: Scott Hughes reported that he has spent a lot of time with Kaden DeMille and Paige Chapman working on the rate study. The investigation into the bonding process really brought to light the financial difficulties facing the Power Department. Reported the current financial outlook. Kaden DeMille reported on the history of how the bonding process started and is going. He reported that this past year we were unable to balance the budget, due in large part to the lack of revenue coming in to offset the increase in many costs to the Power Department. We currently do not have the bonding capacity to bond for the critical infrastructure that is needed with our current rate structure. Joseph Prete asked for a brief explanation of what is required for bonding and where we are short. Kaden DeMille provided an explanation. Charles Reeve explained that the situation we've always modeled is to cover 100% of our expenses and break even. We're in the business to cover the costs to supply power and come out at zero. The shift to have to come in at more than 100% to qualify for a bond when we're already behind the curve in revenue probably means a larger rate increase than we had anticipated originally. Historically, we have built infrastructure as we have had money to do so. New growth is requiring infrastructure to be built faster than impact fees can provide funding for and that's why we investigated bonding. Scott Hughes explained how yearly costs for 10 years stayed close to the same averages and the past 2 years have increased dramatically. Showed differences in power costs compared to rates charged. We have been able to operate with a 30% gross margin and stay consistent with covering our costs until the last 2 years. So far this year we are at approximately 13% and looking to finish the year potentially less than that. Scott Hughes presented possible solutions. He presented information showing rate structures across different power providers in our local area. Joseph Prete asked if we have knowledge of rate increases happening with these power providers. The presentation information is based on current rates, not on projected or future rate increases by other providers. We are proposing a 15%-17% increase in rates. Also proposing using reserve funds to cover some of the projects so that we can decrease the amount that we are looking to bond for. The original bond amount was for $17 million. We may be able to lower that amount to $11 million. Some of that amount may be dependent on development plans that have been slated for the future proceeding. If those developments do not proceed as predicted, then our infrastructure projects may be pushed back. Mac Hall asked what a 15% increase would look like on an actual bill. Scott Hughes showed calculations for low, middle, high consumption users. Showed the difference in consumption costs between existing rates and proposed rates. Also showed worksheet showing how an increase in base rates would look with the proposed rates in the projections in the worksheet being used for the bonding. Scott Hughes reminded the Power Board that it

was discussed at a previous meeting to also raise impact fees from the 75% recovery rate to a 100% recovery rate using the existing impact facilities plan study that is in effect. Joseph Prete discussed increases going up in many other areas as well and how it affects consumers. We're discussing power, but there are increases in many other rates as well. Scott Hughes and Paige Chapman explained that these discussions were not easy ones because of their knowledge about other fee increases. The responsibility is also to keep the Power Department financially stable. Pam Humphries stated that City Council may have to take a hard look at future development projects if we don't make some changes. Mac Hall commented that cheap power is gone because we are outgrowing our power resources. Paige Chapman informed them that it sounds like an aggressive proposal, however, by taking into consideration the amount of time that has passed in between rate increases, combined with the increased overall costs of power and the rate of inflation it ended up being a conservative increase to bring us back into a sustainable operating margin. Group discussion about differing bond amounts and the related bond payments there would be depending on the amounts. Mac Hall asked if a board recommendation is needed to send the proposal to City Council. Scott Hughes confirmed that is why a special meeting was called. If the board doesn't agree with the proposal, we would not send it to City Council. Mac Hall asked if there has been enough discussion to make a recommendation.
Charles Reeve motion to recommend a 15% increase of the consumption rate for power rates across the board, $1 increase for all base rates, except for large commercial which will go to $320, impact fees to increase from 75% to 100% of the impact fee study to go into effect as soon as possible. Jerry Brisk seconds the motion. All aye, except Joseph Prete, who abstained from vote.

The Power Board adjourned at 4:45 p.m. The next Power Board Meeting is scheduled for October 5, 2022, at 3:00 p.m.

Geothermal Opportunities

RESOURCE COMMITTEE UPDATE

SEPTEMBER 21, 2022

Geothermal RFP Plan

- Project started 9/6/2022
- Final RFP package scheduled for 11/7/2022
- Assume a month for response time
- Two weeks for proposal analysis
- Anticipate end of year for results

Muddy Creek Update

RESOURCE COMMITTEE UPDATE

SEPTEMBER 21, 2022

Additional Study Needed – Recent Progress

- Continuing analysis for EPC bid update
  - Met with Ormat to clarify request for feed pump building
    - Received rough estimate, but minimal impact to the LCOE
- ITC tax equity calculation
  - New ITC playing field in August, digesting impact of Inflation Reduction Act
  - Preliminary information per Ormat is that Muddy Creek would qualify for 30% direct pay credit
    - At this point Ormat anticipates that prevailing wages requirement could be met
    - Apprenticeship requirements are less certain, but Ormat willing to work to meet the requirement
    - 30% reduced by 15% if tax free financing used
    - Direct pay has time sensitivity if domestic content requirement not met
      - ✓ Unlikely to meet domestic content requirement

Additional Study Needed – Recent Progress

- Host Agreement
  - Modeled after Veyo agreement
  - Seeking changes in Muddy Creek agreement to be consistent with Veyo agreement
    - Provided redlines to Kern River
    - Meeting to review redlines has been rescheduled
- Permitting
  - Met with BLM and SWCA to clarify outstanding items for Plan of Development and Environmental Assessment
    - WY Fish and Game reviewing DDCT – discussing SG credits/debits
    - Plan of Development update submitted to BLM in September 2022
    - Initial draft of Environmental Assessment targeted for October 2022
- Schedule Integration
  - Prohibited disruptive activities March 15 to June 30 for Greater Sage Grouse
    - WY Fish and Game reviewing request for exemption – expressed reservation, but possible path forward

Next Steps

- ITC tax equity calculation
  - Continuing digestion on Inflation Reduction Act
- Host Agreement
  - In person meeting on Host Agreement with Kern River
- Permitting Progress
  - WY Fish and Game – develop exemption plan
  - Environmental Assessment
  - Certificate of Public Convenience and Necessity
- Schedule integration (sage grouse and raptor limitations, transmission interconnection, EPC, Kern River)

Steel Solar 1A and 1B PPA Update

Firm PMC

September 21, 2022

Steel 1A and 1B PPA Status Update

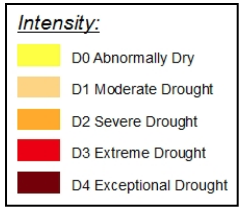
- Survey 54%
- AC Trenching 94%
- AC Install 94%
- AC Backfill 94%
- Pile Foundation Installation 6%
- Fence Grounding 100%
- Project Substation
  - Foundations completed
  - Transformer set
  - Control building set
  - Underground conduit 100% installed
  - Ground grid 100% done
  - Fiber from Frontier has been pulled
- Governing body approvals for 1A and 1B are complete

CRSP Project / CREDA Report

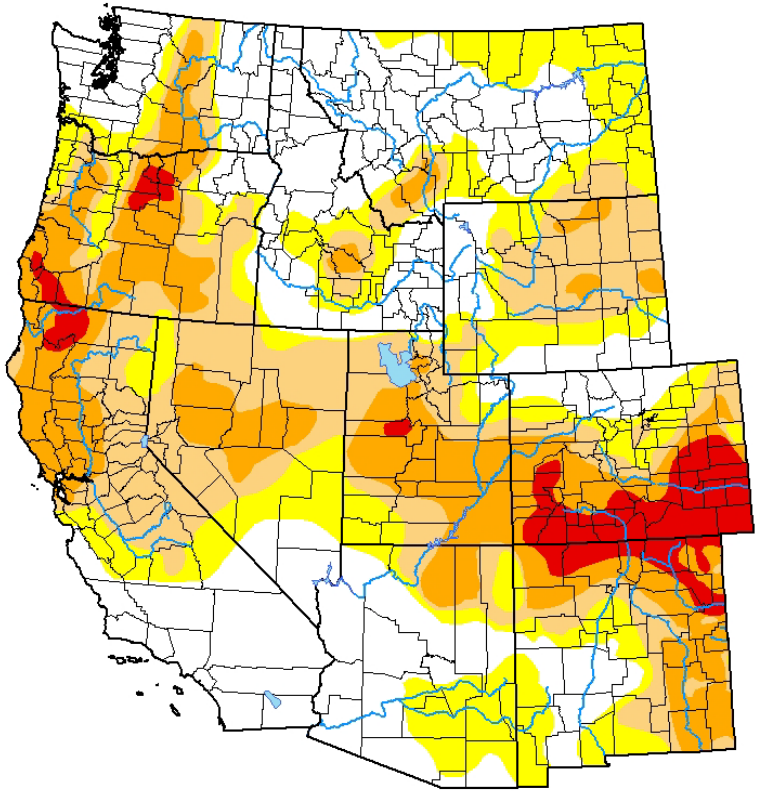
September 15, 2020

- CRSP Hydrology
- CREDA Update

Drought Monitor

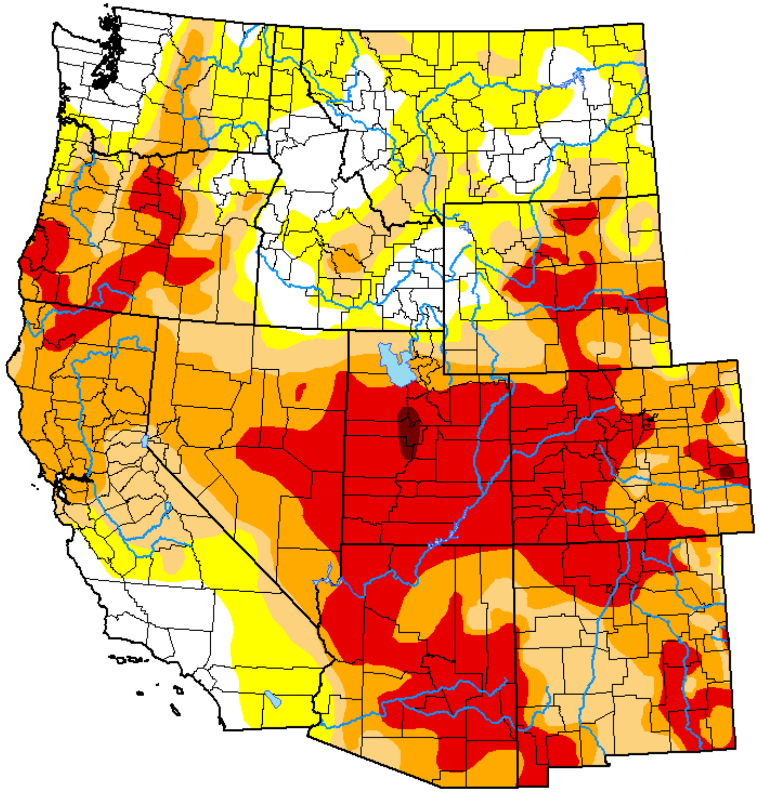


July 2020

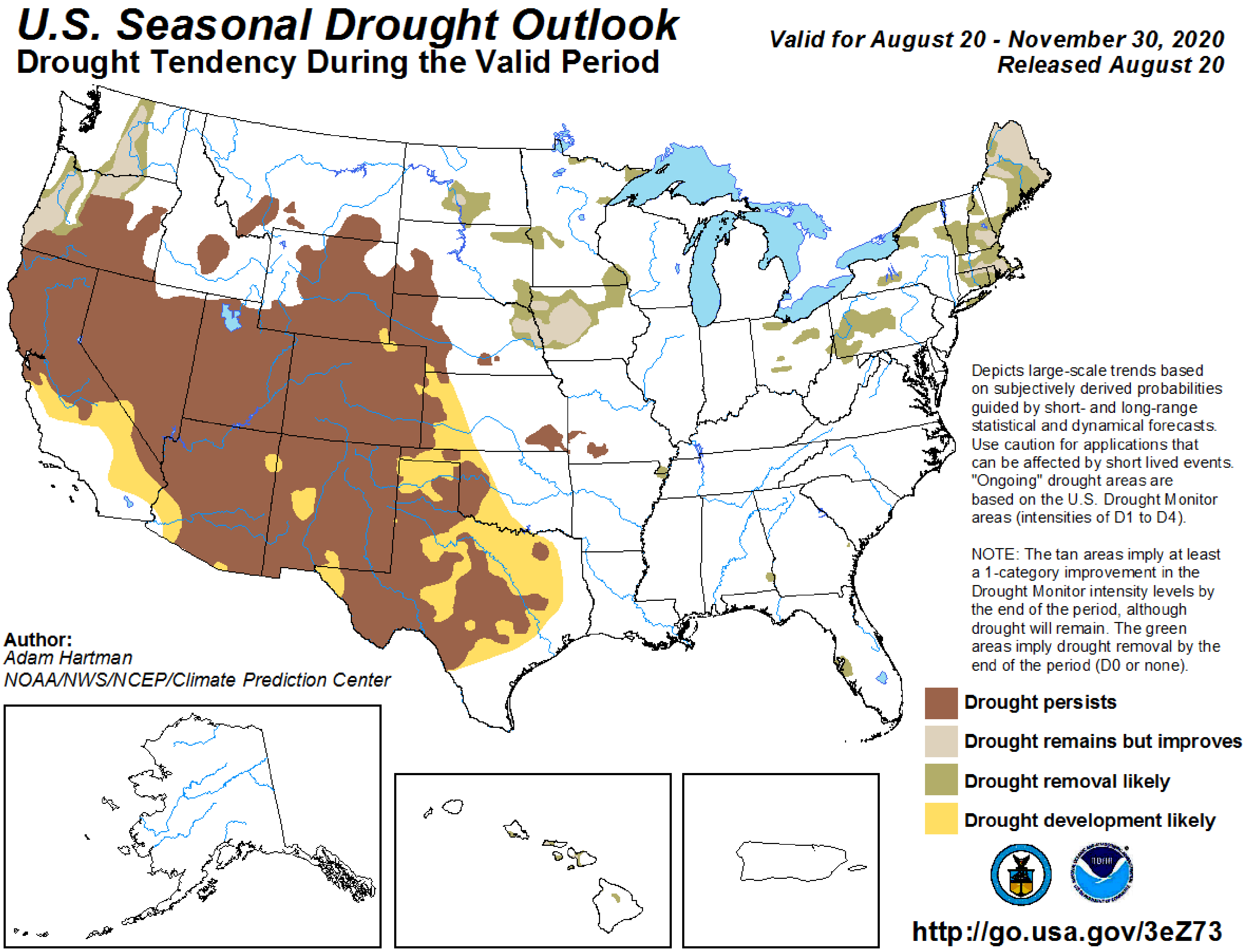


7/9/2020

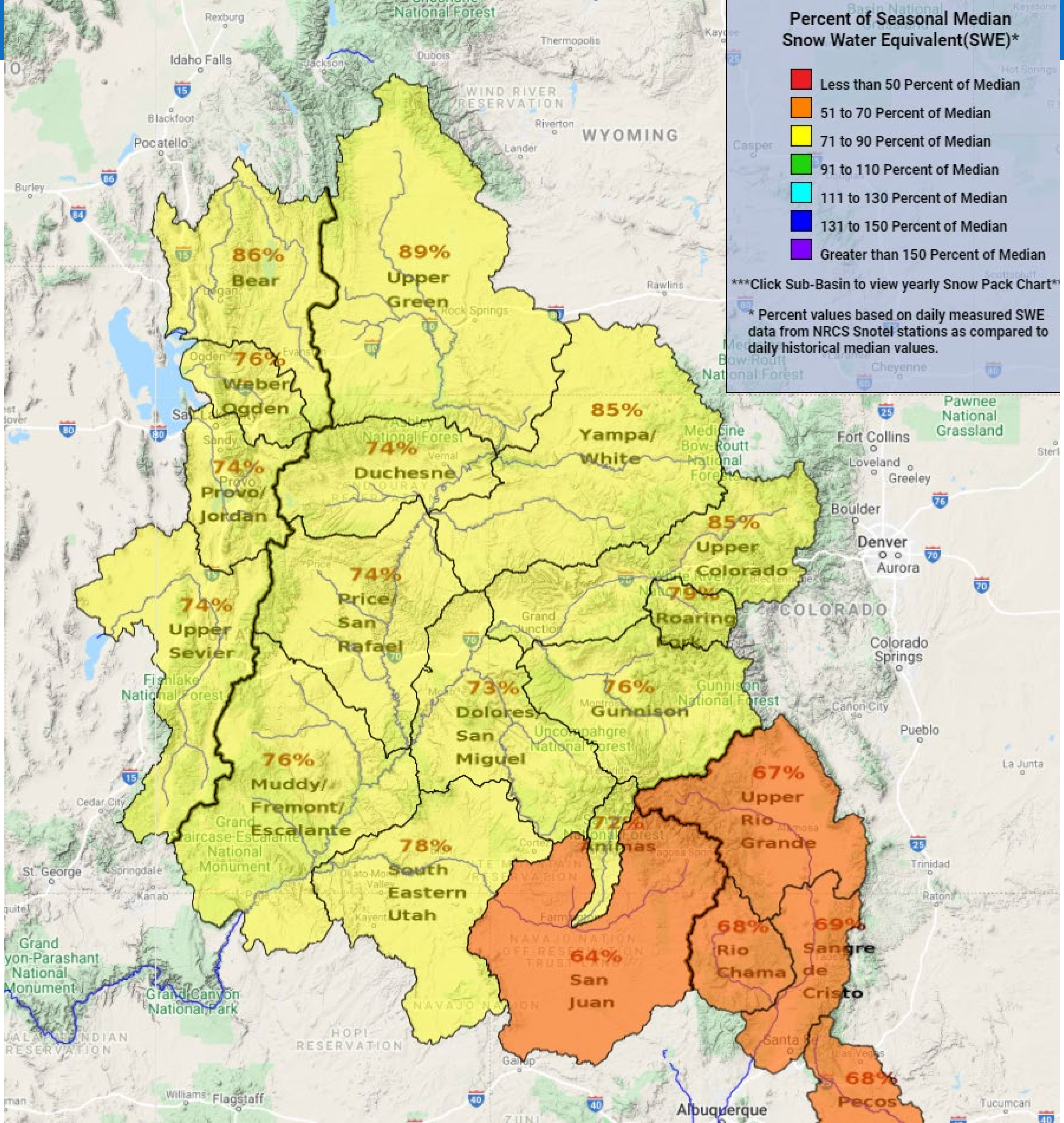
September 2020

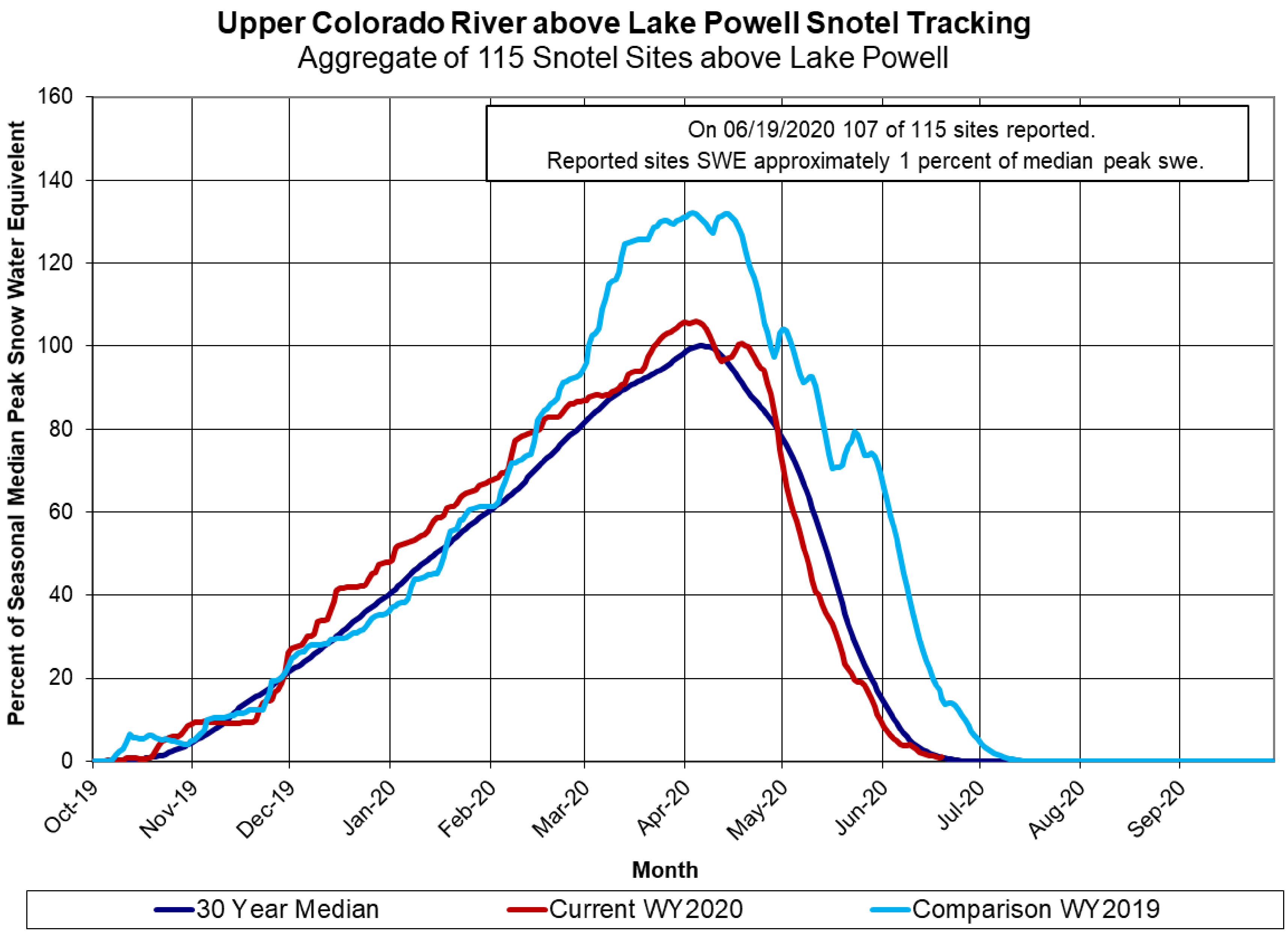


9/10/2020



U.S. Seasonal Drought Outlook
Drought Tendency During the Valid Period
Valid for August 20 - November 30, 2020
Released August 20
Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).
NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).
Drought persists
Drought remains but improves
Drought removal likely
Drought development likely
Author:
Adam Hartman
NOAA/NWS/NCEP/Climate Prediction Center
http://go.usa.gov/3eZ73


Percent of Seasonal Median
Snow Water Equivalent(SWE)*
Less than 50 Percent of Median
51 to 70 Percent of Median
71 to 90 Percent of Median
91 to 110 Percent of Median
111 to 130 Percent of Median
131 to 150 Percent of Median
Greater than 150 Percent of Median
Click Sub-Basin to view yearly Snow Pack Chart
* Percent values based on daily measured SWE data from NRCS Snotel stations as compared to daily historical median values.
86% Bear
89% Upper Green
76% Weber Ogden
74% Provo/ Jordan
74% Duchesne
85% Yampa/ White
85% Upper Colorado
79% Roaring Fork
74% Price/ San Rafael
74% Upper Sevier
73% Dolores/ San Miguel
76% Gunnison
76% Muddy/ Fremont/ Escalante
78% South Eastern Utah
72% Animas
67% Upper Rio Grande
64% San Juan
68% Rio Chama
69% Sangre de Cristo
68% Pecos
WYOMING
COLORADO



Data Provided by the Natural Resource Conservation Service

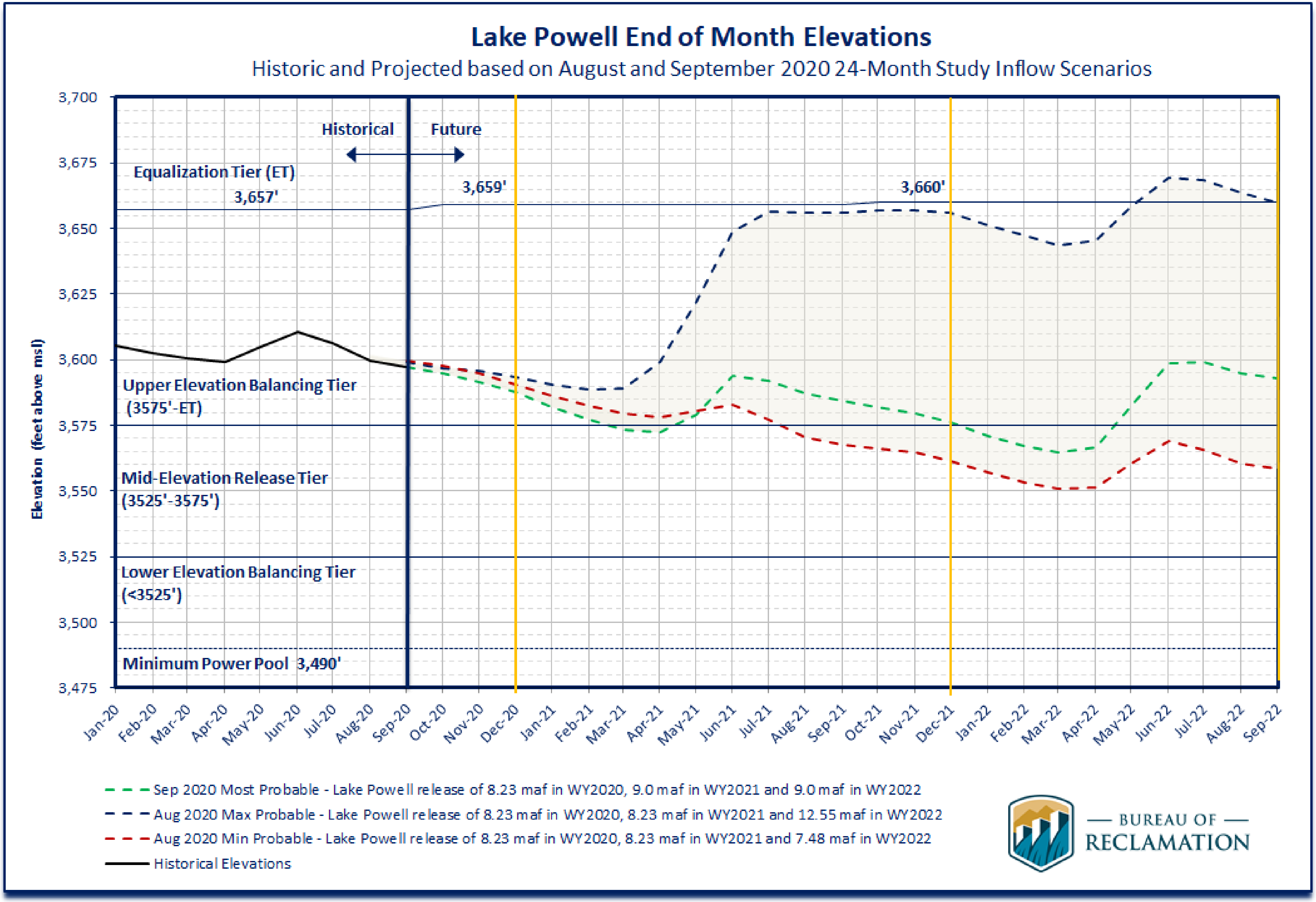
Lake Powell Conditions

- Status of Lake Powell
  - Current lake elevation = 3,598 feet
    - = 102 feet below the spillway
    - = 108 feet above penstock intake level
  - Current storage is 11.6 million acre feet
    - = 48% of reservoir capacity

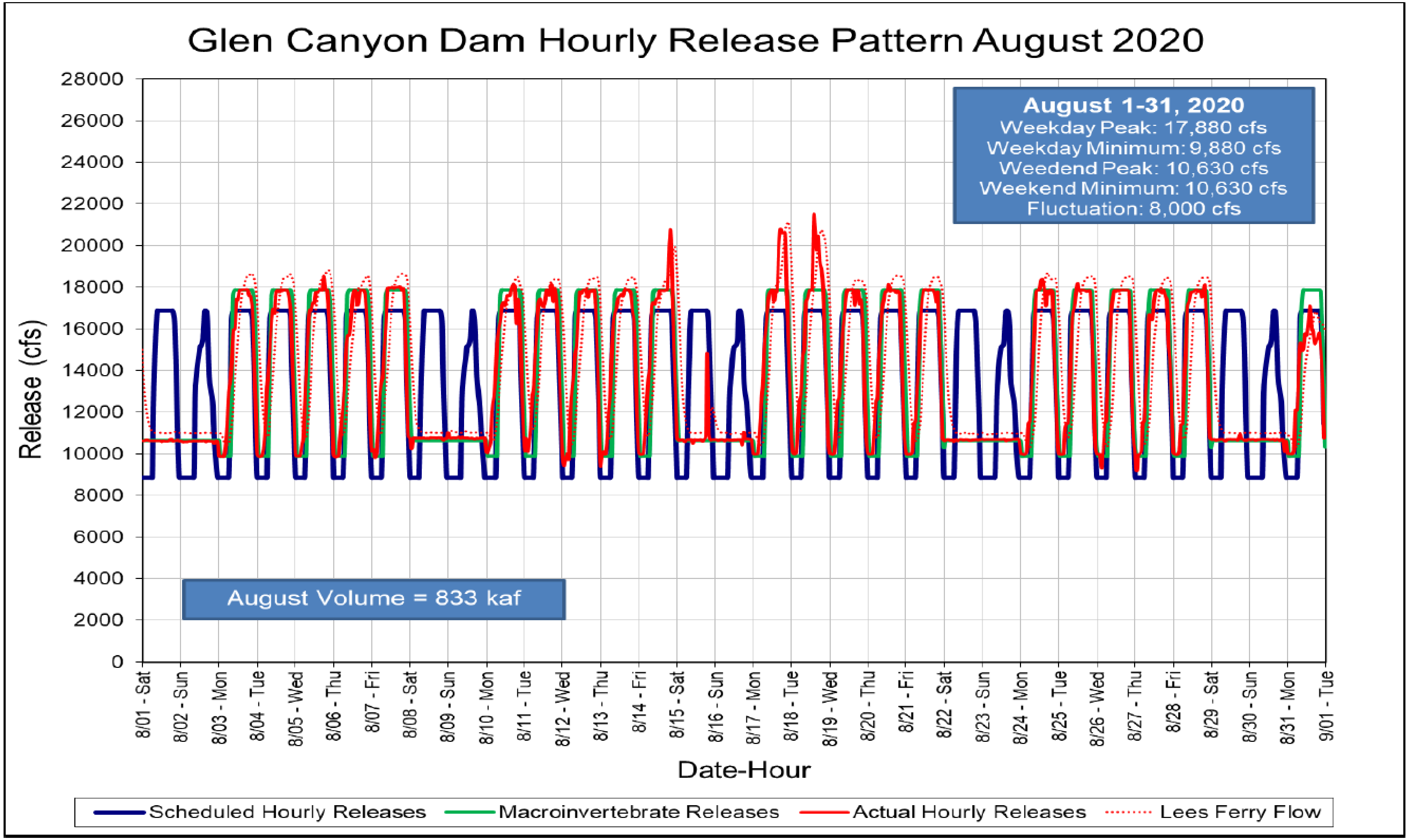
Lake Powell Inflow

- Status of Lake Powell:
  - Historical inflow to Lake Powell by water-year
    - 2009 = 88%
    - 2010 = 73%
    - 2011 = 147%
    - 2012 = 45%
    - 2013 = 47%
    - 2014 = 96%
    - 2015 = 94%
    - 2016 = 89%
    - 2017 = 110%
    - 2018 = 43%
    - 2019 = 120%
    - 2020 = 55% of avg. forecasted
    - 2021 = 80% of avg. forecasted (probable range of 48% to 152%)

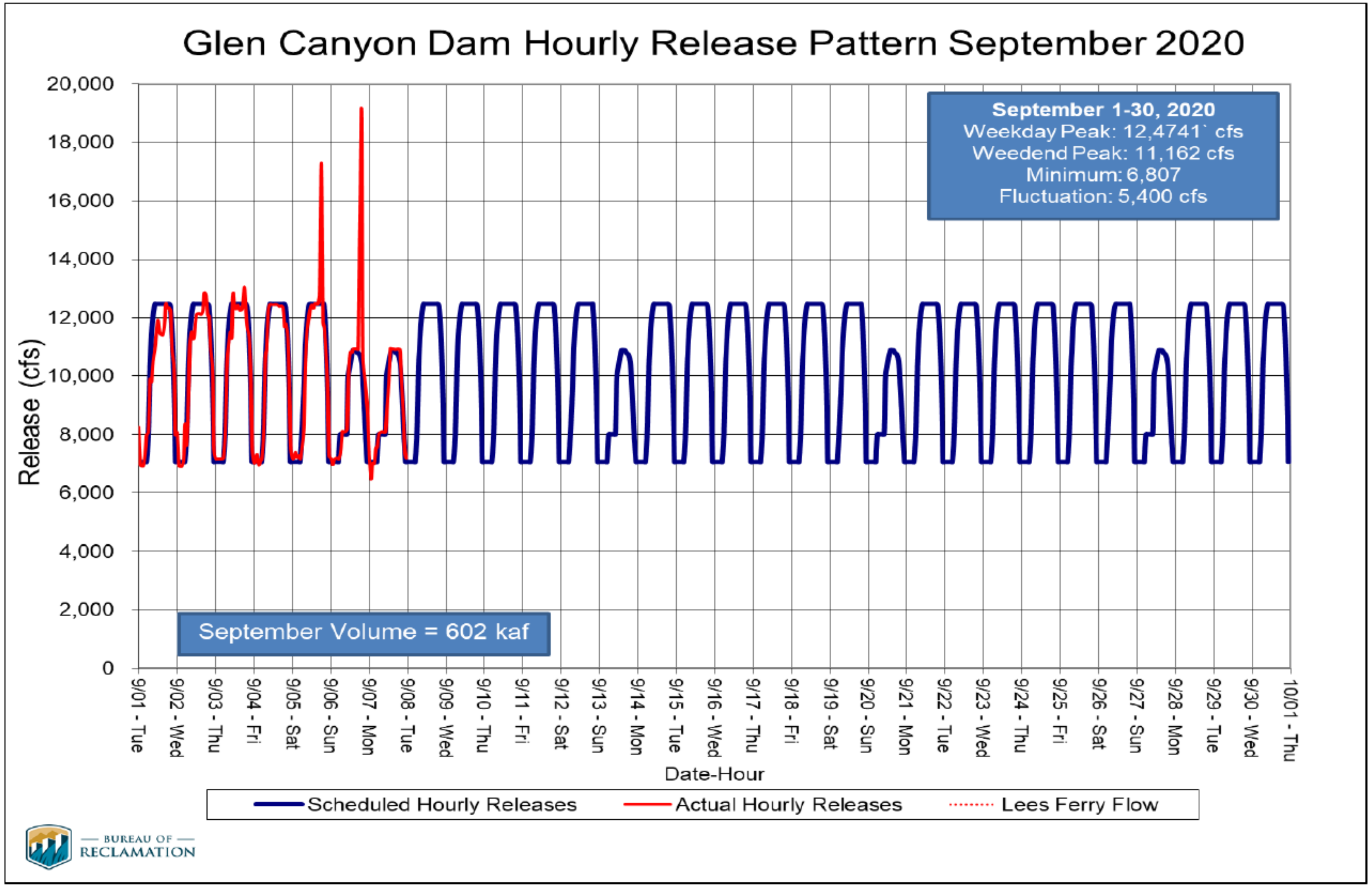
- 2020 inflow:
  - Actual
    - Jan = 77%
    - Jun = 54%
    - Aug = -4%
  - Forecast
    - Sep =
    - Oct =


Lake Powell End of Month Elevations
Historic and Projected based on August and September 2020 24-Month Study Inflow Scenarios
Elevation (feet above msl)
3,700
3,675
3,650
3,625
3,600
3,575
3,550
3,525
3,500
3,475
Historical
Future
Equalization Tier (ET)
3,657'
3,659'
3,660'
Upper Elevation Balancing Tier
(3575'-ET)
Mid-Elevation Release Tier
(3525'-3575')
Lower Elevation Balancing Tier
(<3525')
Minimum Power Pool 3,490'
Jan-20 Feb-20 Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21 Apr-21 May-21 Jun-21 Jul-21 Aug-21 Sep-21 Oct-21 Nov-21 Dec-21 Jan-22 Feb-22 Mar-22 Apr-22 May-22 Jun-22 Jul-22 Aug-22 Sep-22
Sep 2020 Most Probable - Lake Powell release of 8.23 maf in WY2020, 9.0 maf in WY2021 and 9.0 maf in WY2022
Aug 2020 Max Probable - Lake Powell release of 8.23 maf in WY2020, 8.23 maf in WY2021 and 12.55 maf in WY2022
Aug 2020 Min Probable - Lake Powell release of 8.23 maf in WY2020, 8.23 maf in WY2021 and 7.48 maf in WY2022
Historical Elevations
BUREAU OF RECLAMATION

Release Patterns (Bug Flows & California Emergencies)



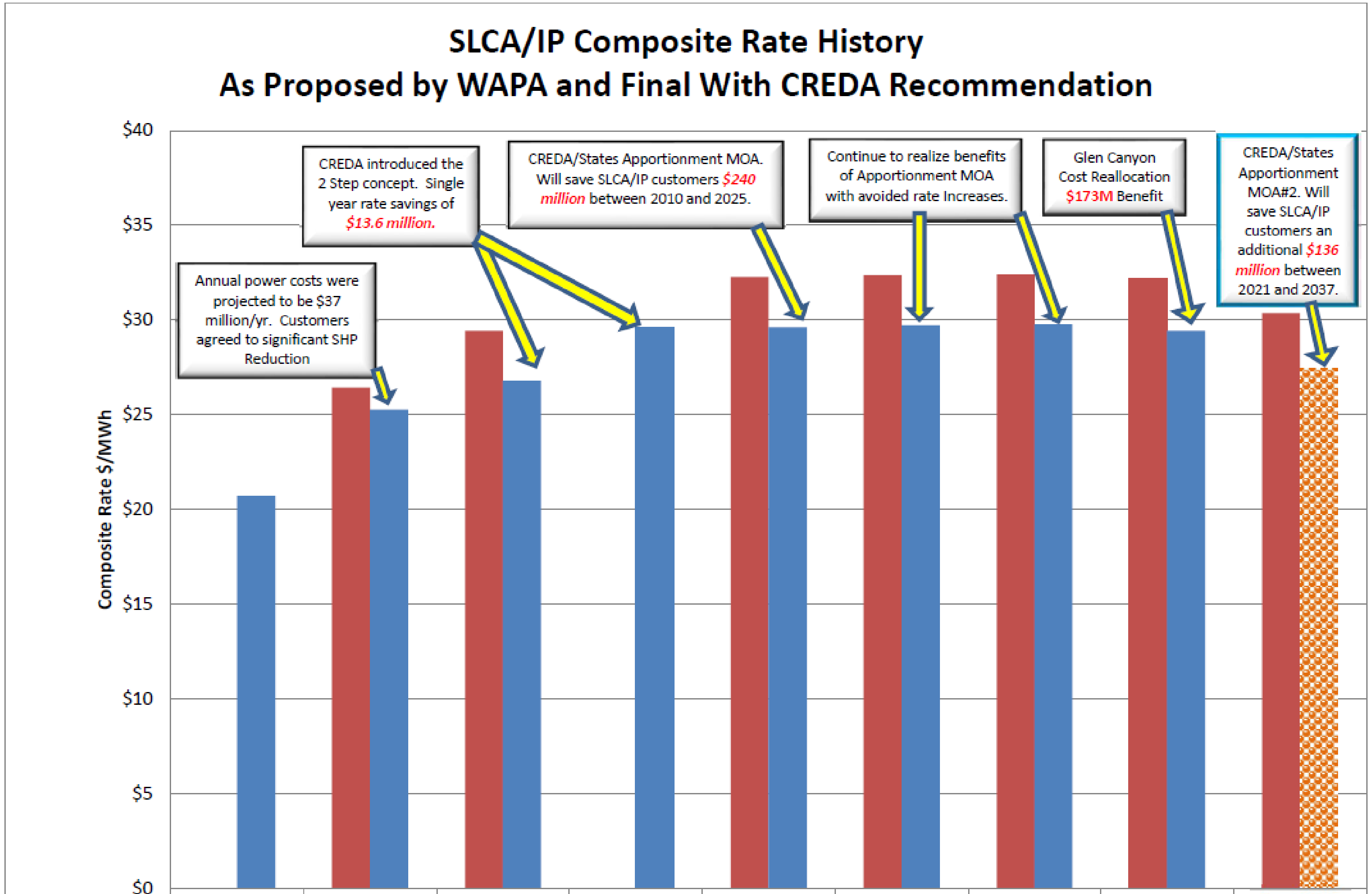
Release Patterns (California Emergencies)



CRSP Rates

- New CRSP rate effective Oct-2020
  - Rate is a **decrease of 6.7%**
  - Composite: Current = $29.42/MWh, New = $27.45/MWh
    - Capacity: Current = $5.18/kW-month, New = $4.85/kW-month
    - Energy: Current = $12.19/MWh, New = $11.43/MWh

CREDA Cost Savings



	2002	2005	2008	2009	2010	2011	2012	2016	*Preliminary*
Preliminary PRS		$26.44	$29.43		$32.26	$32.37	$32.41	$32.21	$30.37 **
Final With CREDA Recommendation	$20.72	$25.28	$26.80	$29.62	$29.62	$29.73	$29.77	$29.42	$27.46

** Original rate did not include MOA#2 and included 2022 Work Plan estimates.

SLCAIP Rate History 07 2020

7/9/2020

GEOTHERMAL STUDY PROJECT
PROPOSAL WITH MURRAY CITY

PARTICIPANTS	KW AMOUNT	ENTITLEMENT %	REVISED KW AMOUNT	REVISED ENTITLEMENT %	Difference Entitlement %
Beaver City	1,000	1.25%	1,000	1.16%	-0.09%
Blanding City	350	0.44%	350	0.41%	-0.03%
City of Bountiful	10,000	12.52%	10,000	11.65%	-0.88%
Brigham City	3,000	3.76%	3,000	3.49%	-0.26%
Enterprise City	500	0.63%	500	0.58%	-0.04%
Ephraim City	300	0.38%	300	0.35%	-0.03%
Fairview City	100	0.13%	100	0.12%	-0.01%
City of Fallon	2,000	2.50%	2,000	2.33%	-0.18%
Heber Light & Power	5,000	6.26%	5,000	5.82%	-0.44%
Hurricane City	3,000	3.76%	3,000	3.49%	-0.26%
Idaho Falls Power	5,000	6.26%	5,000	5.82%	-0.44%
Kaysville City	4,000	5.01%	4,000	4.66%	-0.35%
Lehi City	10,000	12.52%	10,000	11.65%	-0.88%
Logan City	8,000	10.02%	8,000	9.32%	-0.70%
Los Alamos County	5,000	6.26%	5,000	5.82%	-0.44%
Morgan City	100	0.13%	100	0.12%	-0.01%
Murray City	0	0.00%	6,000	6.99%	6.99%
Payson City	2,000	2.50%	2,000	2.33%	-0.18%
Plumas-Sierra	5,000	6.26%	5,000	5.82%	-0.44%
Price City	5,000	6.26%	5,000	5.82%	-0.44%
SUVESD	500	0.63%	500	0.58%	-0.04%
Springville City	3,000	3.76%	3,000	3.49%	-0.26%
Truckee-Donner PUD	3,000	3.76%	3,000	3.49%	-0.26%
Washington City	4,000	5.01%	4,000	4.66%	-0.35%
TOTAL	**79,850**	**100.00%**	**85,850**	**100.00%**	**0.00%**

Notes: Lehi additional w/o Enchant, Plumus up to 10 MW

San Juan Reclamation & Decommissioning Trust Accounts Funding Update

September 20, 2022

Key points to this presentation

- The calculation as to the required funding is based on the best information available from the operating agent (PNM) and their projections for reclamation and decommissioning.
  - Conservative approach
  - Excludes any potential impact the Enchant deal may have on the numbers
  - Timing of the funding is geared closer to an Enchant deal getting done prior to SJGS operations being shutdown
  - Budget amendment approved during the May 2022 meeting was intended to provide sufficient funds to fully fund the projected trust fund targets for both revised Reclamation and Decommissioning trust accounts

Reclamation Trust Account Update

- The estimated 2022-Q2 value is up ~39% over the base curve value (largely fuel related)
- Barring a major reversal in inflationary trends, an increase in funding curve levels can be expected during the next funding curve update
- Exhibit in the MRTFA states: "Survey 3 will be conducted as of the date Coal Combustion Residual (CCR) disposal ceases in the SJCC Site Area"
- San Juan Unit 4 is expected to operate through September 2022
- Final CCR Cover (regulatory req't) should conclude near YE2022
- Survey 3 is expected to take place in 2023-Q1 with approval by mid-yr
- Draft Costs Review 3 (based on Survey 3) anticipated 2023-Q3
- Final Costs Review 3 Report approval in 2023-Q4
- Funding Curve revisions should be expected for year-end 2023

Reclamation Trust – Inflationary Funding Target

Funding Target as of 12/31/2021 - UAMPS	$	3,820,515
Projected Inflationary Pressure (39%)		39%
Revised Funding Target as of 12/31/2023		5,310,516
Less: Trust Fund Balance as of 12/31/2021		(4,059,319)
Reclamation Trust Funding Shortage	$	1,251,197

Decommissioning Trust Account Update

- Decommission Trust Funding Target as of 12/31/2022 = $720,000 - UAMPS 2.4% share of $30M Decommissioning Costs
- UAMPS decommissioning share of 2.4% is based on common share and was developed using a sliding scale – Exhibit A of the SJGS Decommissioning and Trust Funds Agreement
- Major Overhaul Reserve account balance as of 12/31/2022 - $818,910
- Excess Funding as of 12/31/2022 - $98,910

Decommissioning Trust – Taking Plant to Grade

Full Demolition Cost Projection - 100%		75,000,000
UAMPS Decommissioning %		2.40%
Revised Funding Target as of 12/31/2023		1,800,000
Less: Reserve Funds available for Decommissioning Trust		(818,910)
Decommissioning Trust Funding Shortage	$	981,090

Reclamation & Decommissioning Cash Flow Funding Needs

Trust Funding Summary			
Reclamation	$	1,250,000	*12/31/2023*
Decommissioning - Original	$	750,000	*12/31/2022*
Decommissioning - Additional		980,000	*12/31/2022*
Contingency (15%)		450,000	*12/31/2022*
	$	3,430,000	

San Juan Reserve Funds for Trust Funds

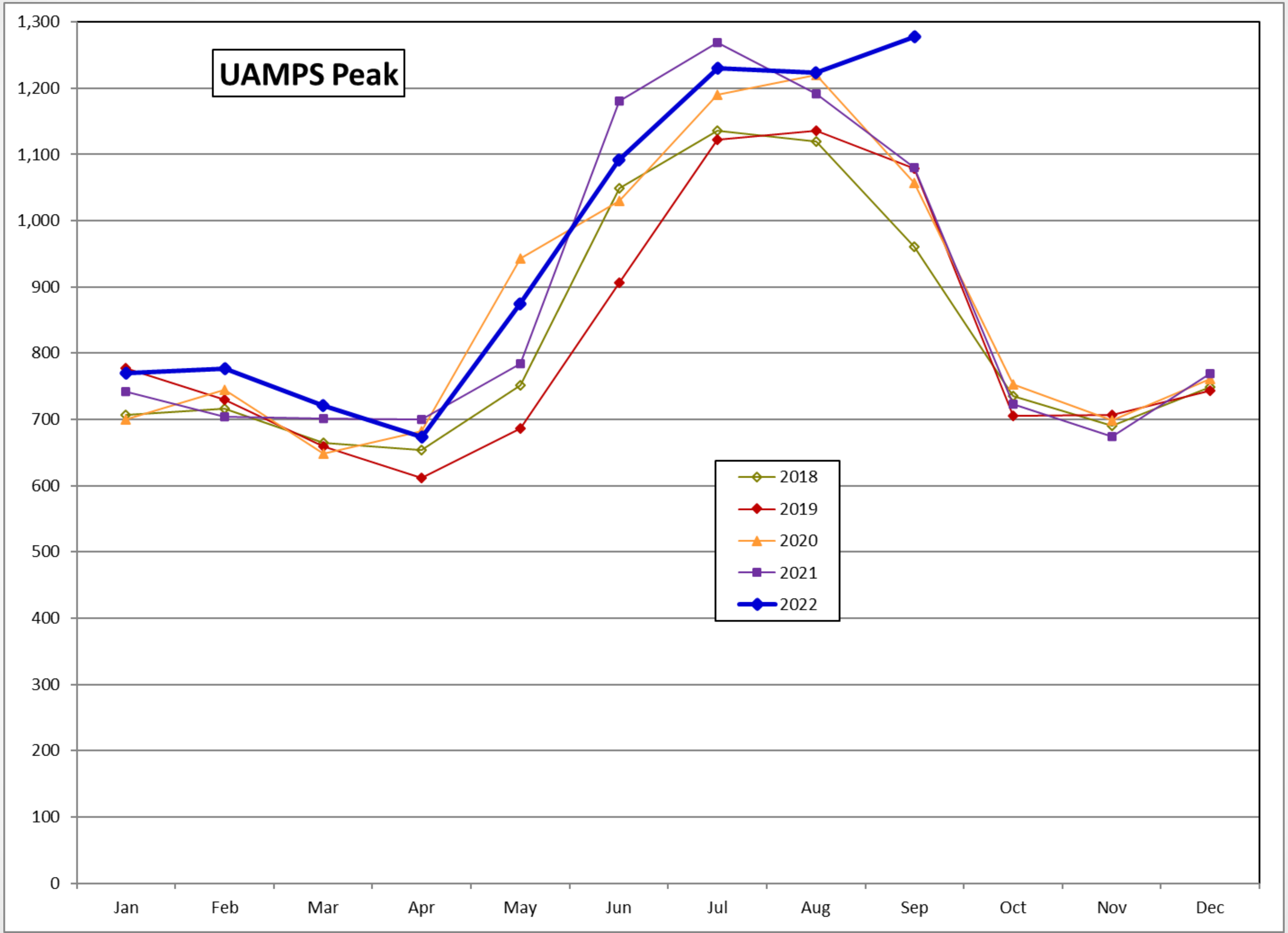
		Budget Amendment Contribution	Reserve Balance
Beginning Balance			$ 818,910
FY2022 Surplus	5/31/2022	625,000	$ 1,443,910
June Power Bill	8/31/2022	216,523	$ 1,660,433
July Power Bill	9/30/2022	216,523	$ 1,876,956
Aug Power Bill	10/31/2022	216,523	$ 2,093,479
Sept Power Bill	11/30/2022	216,523	$ 2,310,002
Oct Power Bill	12/31/2022	216,523	**$ 2,526,525**
Nov Power Bill	1/31/2023	216,523	$ 2,743,048
Dec Power Bill	2/28/2023	216,523	$ 2,959,571
Jan Power Bill	3/31/2023	216,523	$ 3,176,094
Feb Power Bill	4/30/2023	212,816	$ 3,388,910

Funding Summary

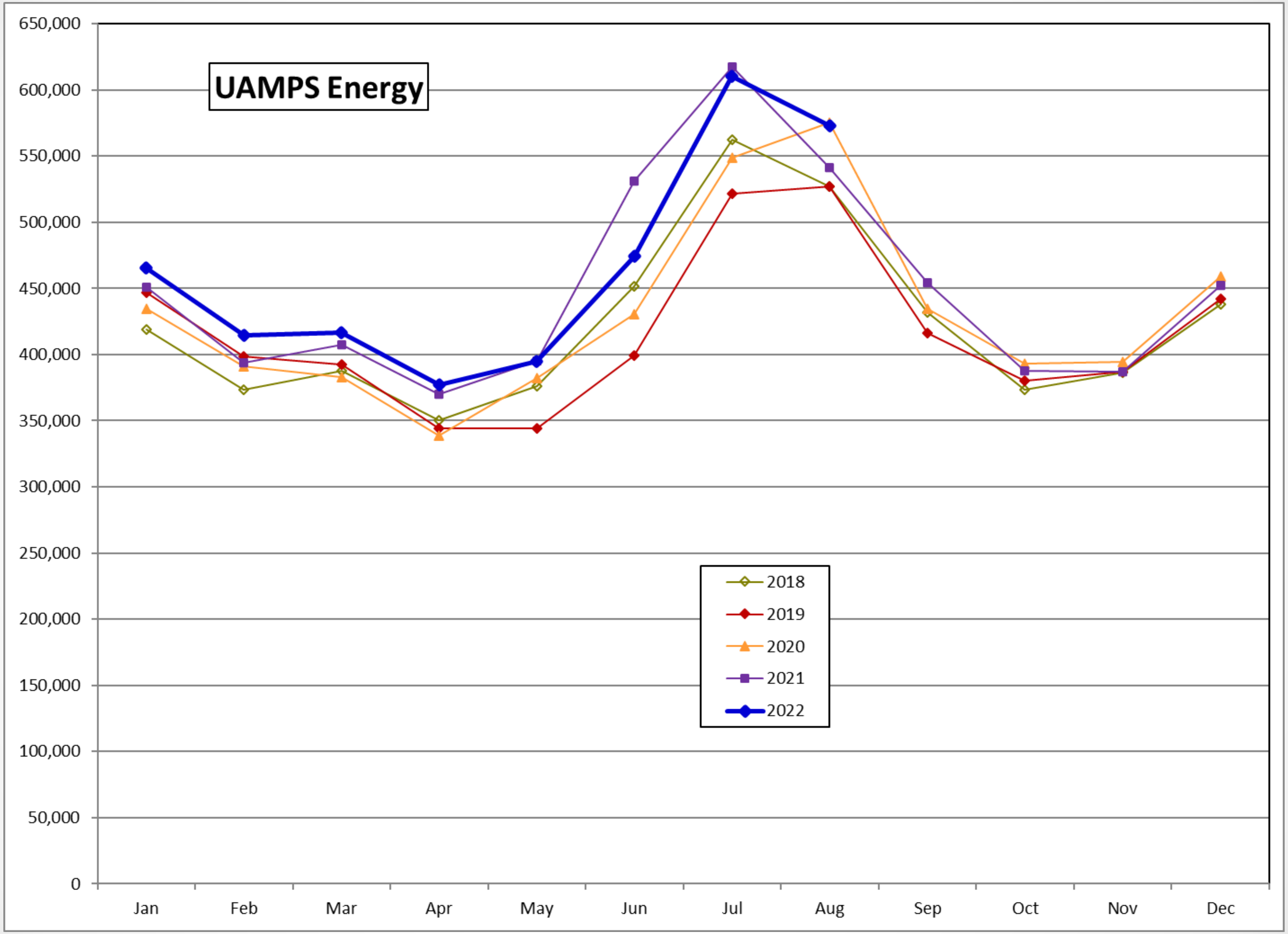
- Based on the funding projections and the revised cash flows resulting from the budget amendment passed in May 2022, the funds available will be sufficient to meet the required funding targets and timing to meet those targets for both the Reclamation and Decommissioning Trust Accounts.

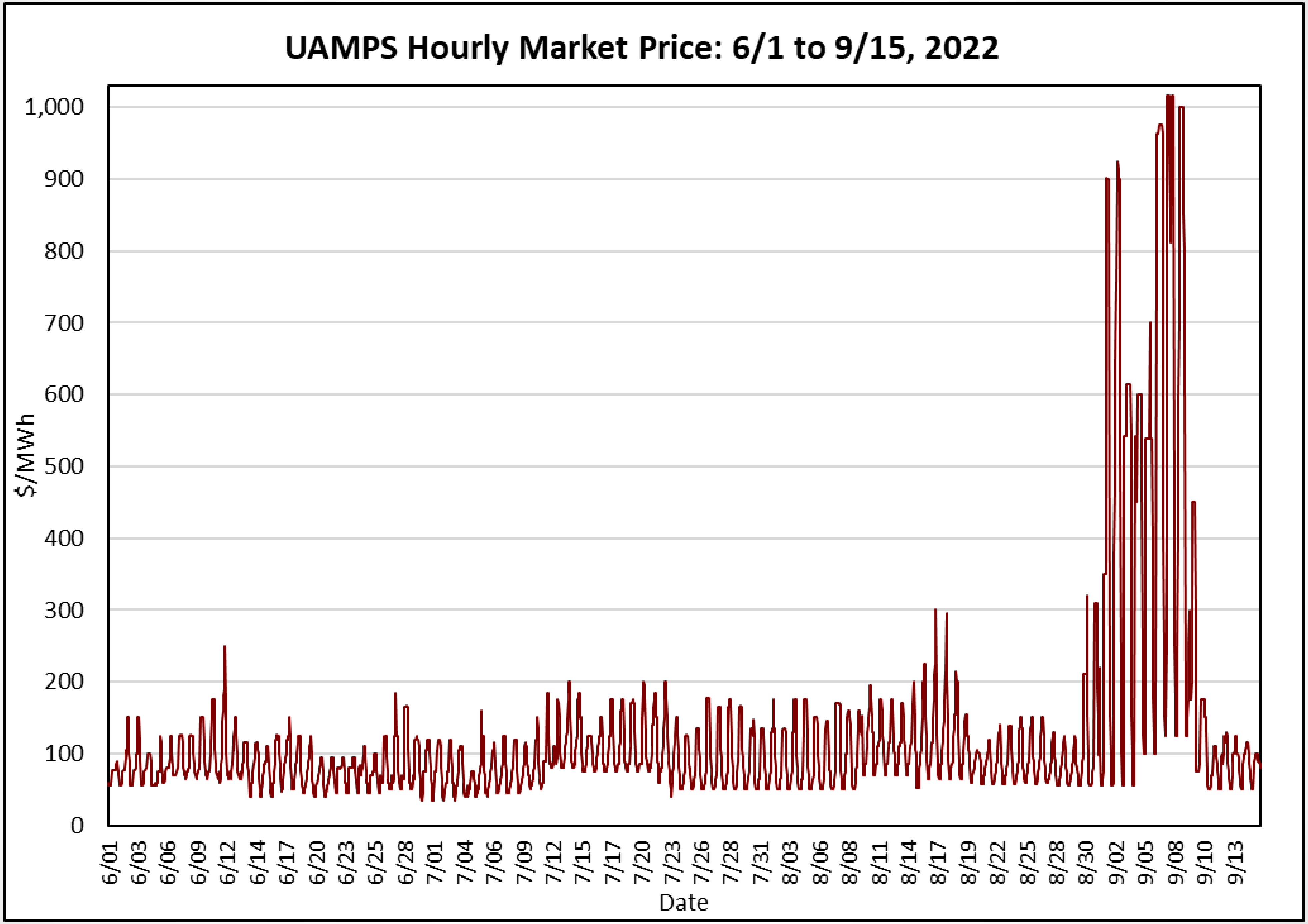
PX and Scheduling Report

August 2022

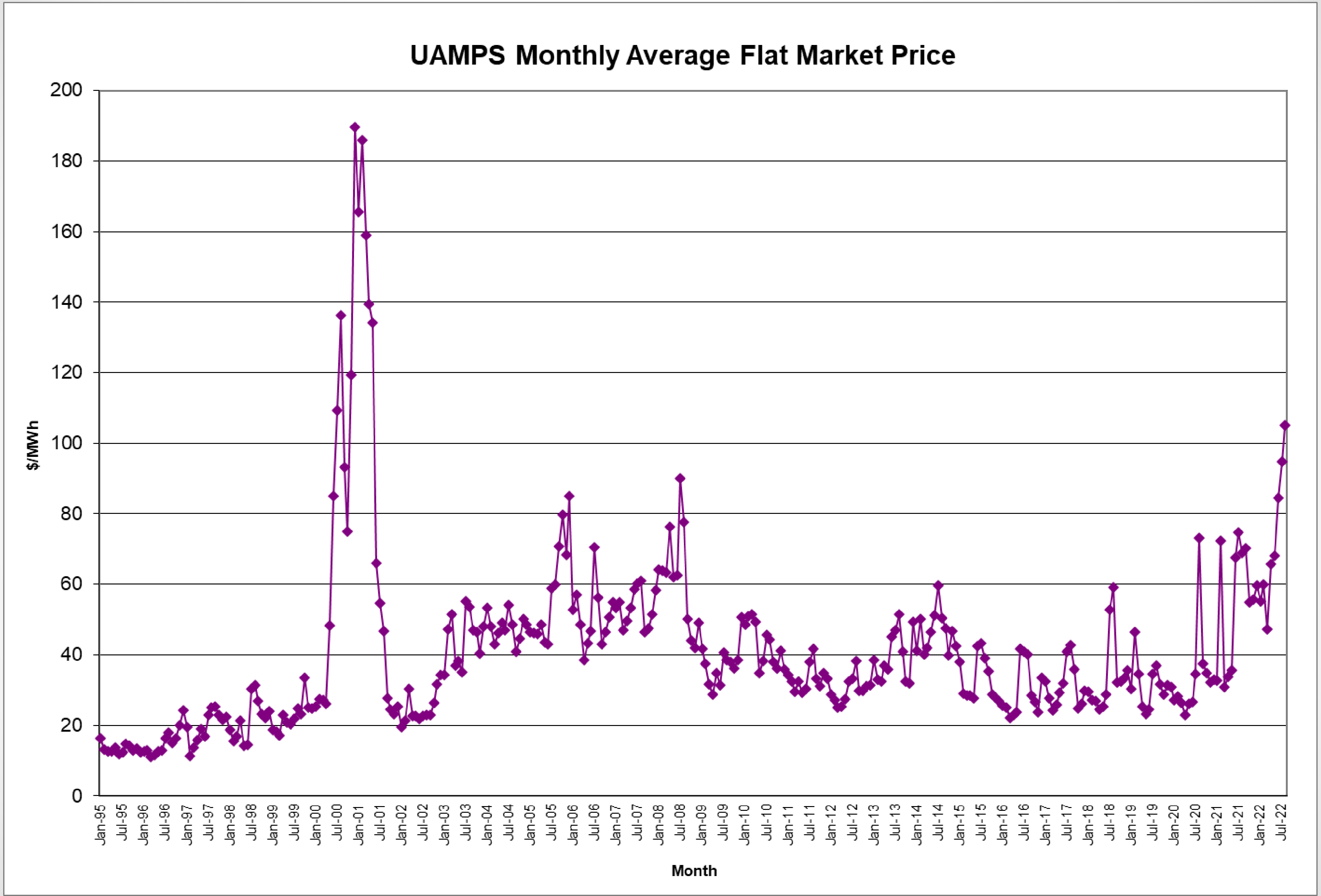


UAMPS Peak
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2018
2019
2020
2021
2022


UAMPS Energy
650,000
600,000
550,000
500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2018
2019
2020
2021
2022



UAMPS Hourly Market Price: 6/1 to 9/15, 2022
$/MWh
1,000
900
800
700
600
500
400
300
200
100
0
6/01
6/03
6/06
6/09
6/12
6/14
6/17
6/20
6/23
6/25
6/28
7/01
7/04
7/06
7/09
7/12
7/15
7/17
7/20
7/23
7/26
7/28
7/31
8/03
8/06
8/08
8/11
8/14
8/17
8/19
8/22
8/25
8/28
8/30
9/02
9/05
9/08
9/10
9/13
Date



UAMPS Monthly Average Flat Market Price
$/MWh
0
20
40
60
80
100
120
140
160
180
200
Jan-95
Jul-95
Jan-96
Jul-96
Jan-97
Jul-97
Jan-98
Jul-98
Jan-99
Jul-99
Jan-00
Jul-00
Jan-01
Jul-01
Jan-02
Jul-02
Jan-03
Jul-03
Jan-04
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Jan-19
Jul-19
Jan-20
Jul-20
Jan-21
Jul-21
Jan-22
Jul-22
Month

Review 7/19/2022

PX, Pool, Market Discussion

July 19, 2022

Market & PX Conclusion

Review 7/19/2022

- UAMPS market pricing method that led to large losses has been corrected
- Difficult to accurately estimate market prices in volatile market
- Allowing unlimited ability for members to buy and sell on the PX at the market prices leaves UAMPS exposed
- UAMPS still vulnerable to losses through the PX with current method

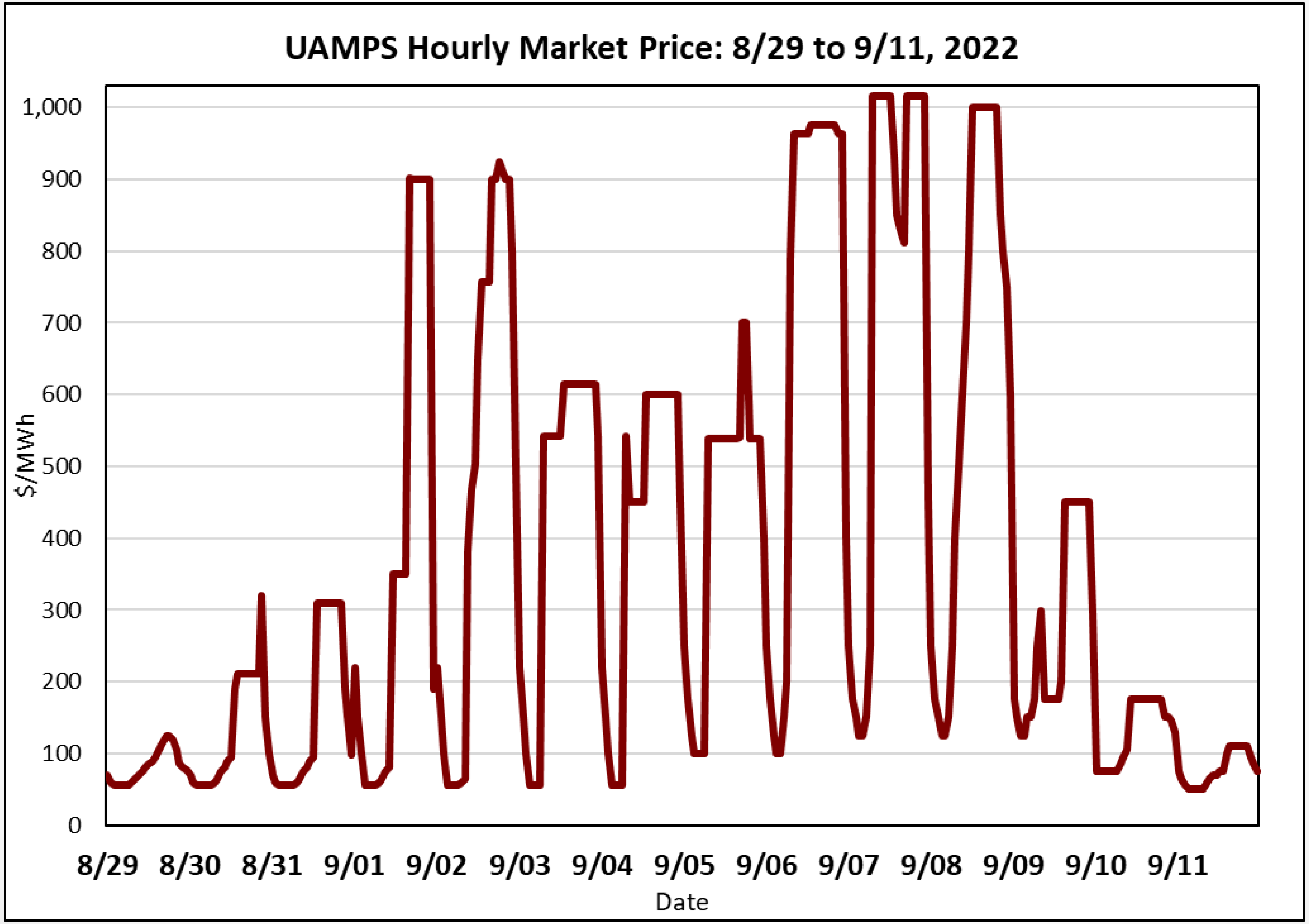
PX Recommendation

Review 7/19/2022

- Recommending only offering Day-ahead purchases on the PX
- PX offers would match price and duration of purchases made by UAMPS
- PX offers would be limited to the MWs purchased by UAMPS
- Hour to hour unlimited amounts at the Market price would Not be offered
- No change to ability of members to make and accept offers
- Market Buy and Sell Prices will still reflect both Day-ahead and Realtime prices and will be shown for member usage for running MIGs, etc.
    - Market Prices will be able to be the best estimate without hedging for future uncertainty

➢ **did Not implement the recommendations**

Recent Market Volatility

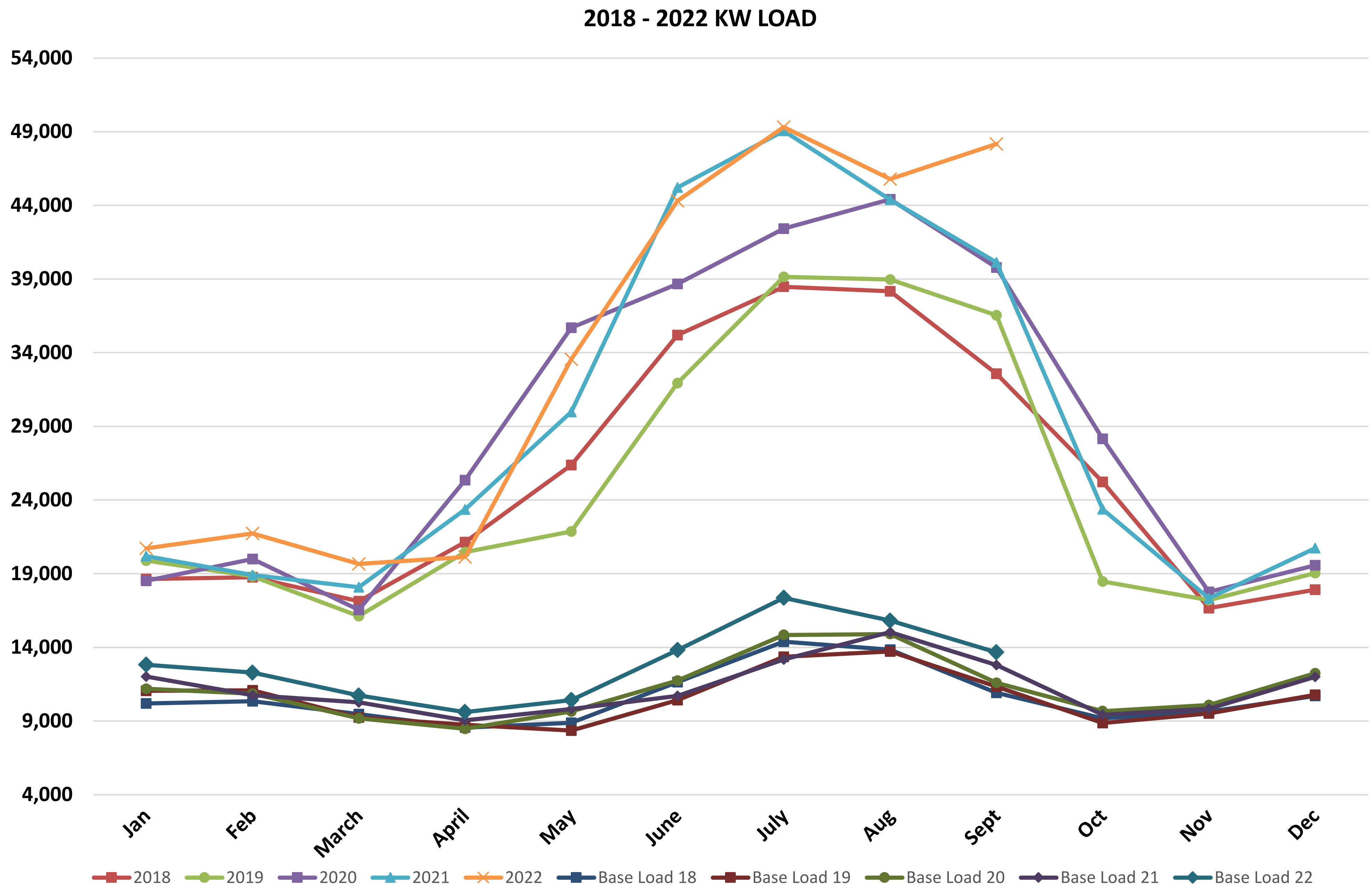


Hourly PX

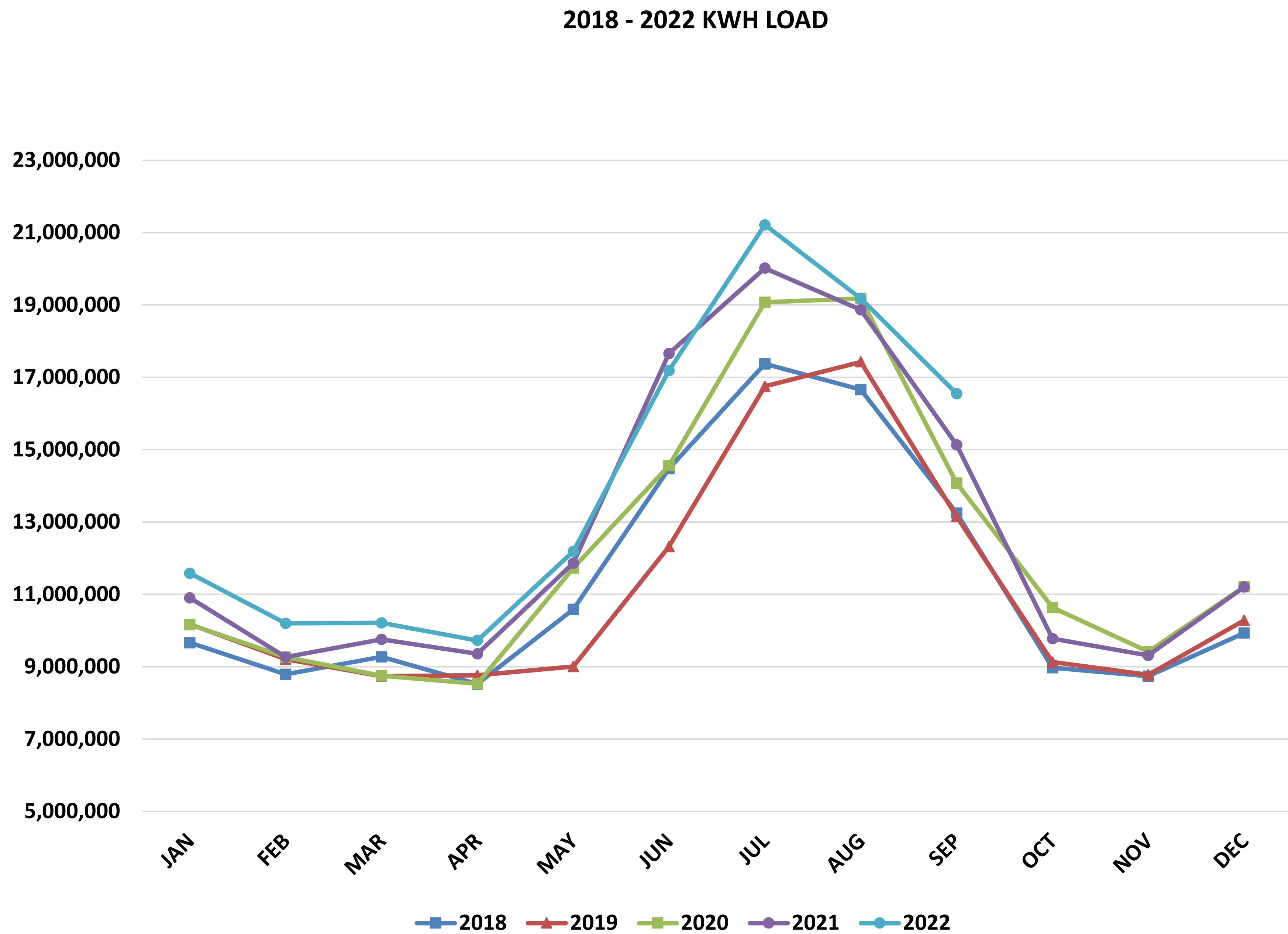
- High market volatility in early September
- Prices tripled, then tripled again within three days
- Saw losses on September 1st and 2nd
- Stopped offering hourly PX offers on September 15th

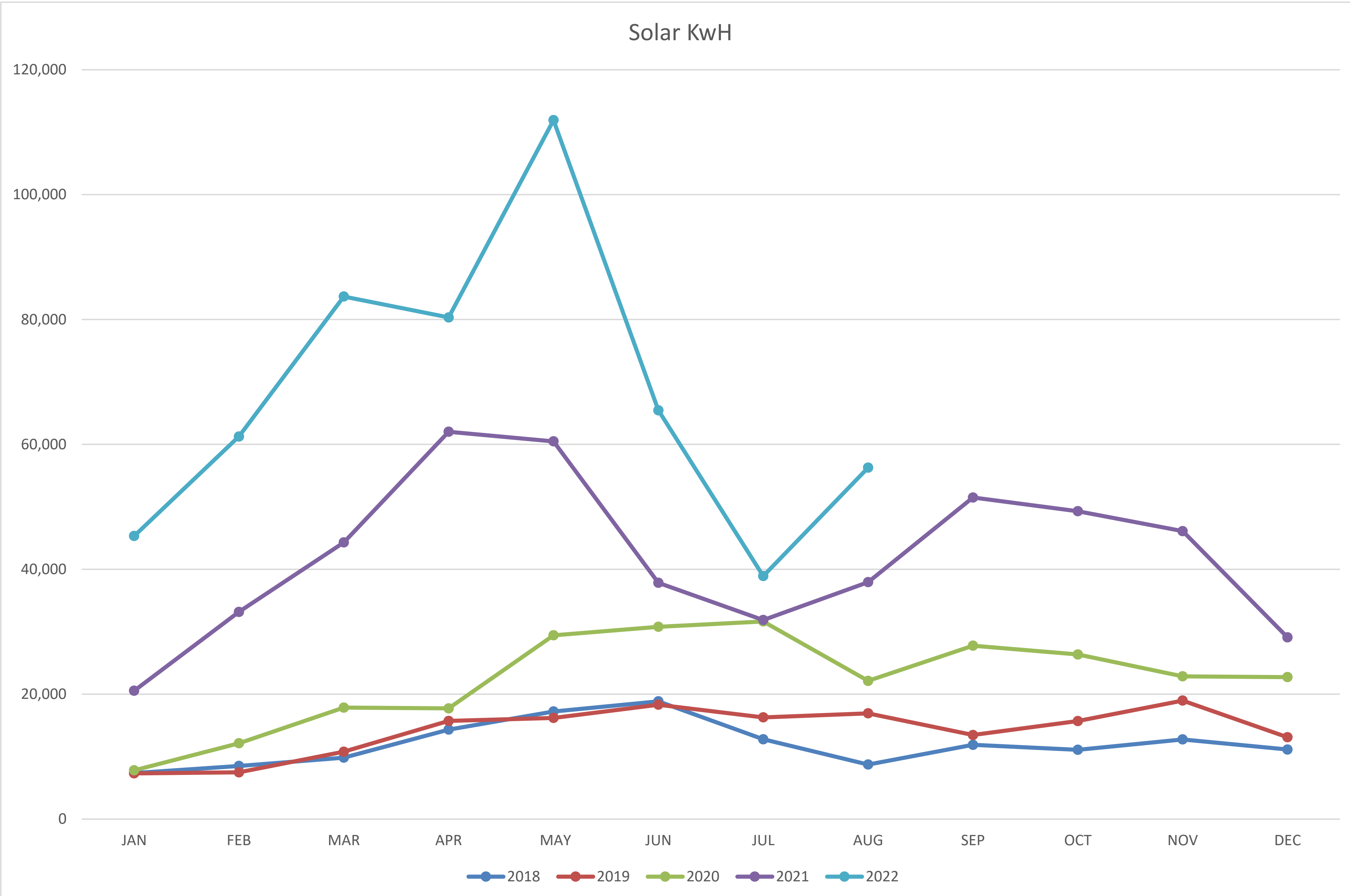
- ✓ Load is being covered by Unplanned Pool

BUDGET



2018 - 2022 KW LOAD
54,000
49,000
44,000
39,000
34,000
29,000
24,000
19,000
14,000
9,000
4,000
Jan
Feb
March
April
May
June
July
Aug
Sept
Oct
Nov
Dec
2018
2019
2020
2021
2022
Base Load 18
Base Load 19
Base Load 20
Base Load 21
Base Load 22


2018 - 2022 KWH LOAD
23,000,000
21,000,000
19,000,000
17,000,000
15,000,000
13,000,000
11,000,000
9,000,000
7,000,000
5,000,000
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
2018
2019
2020
2021
2022

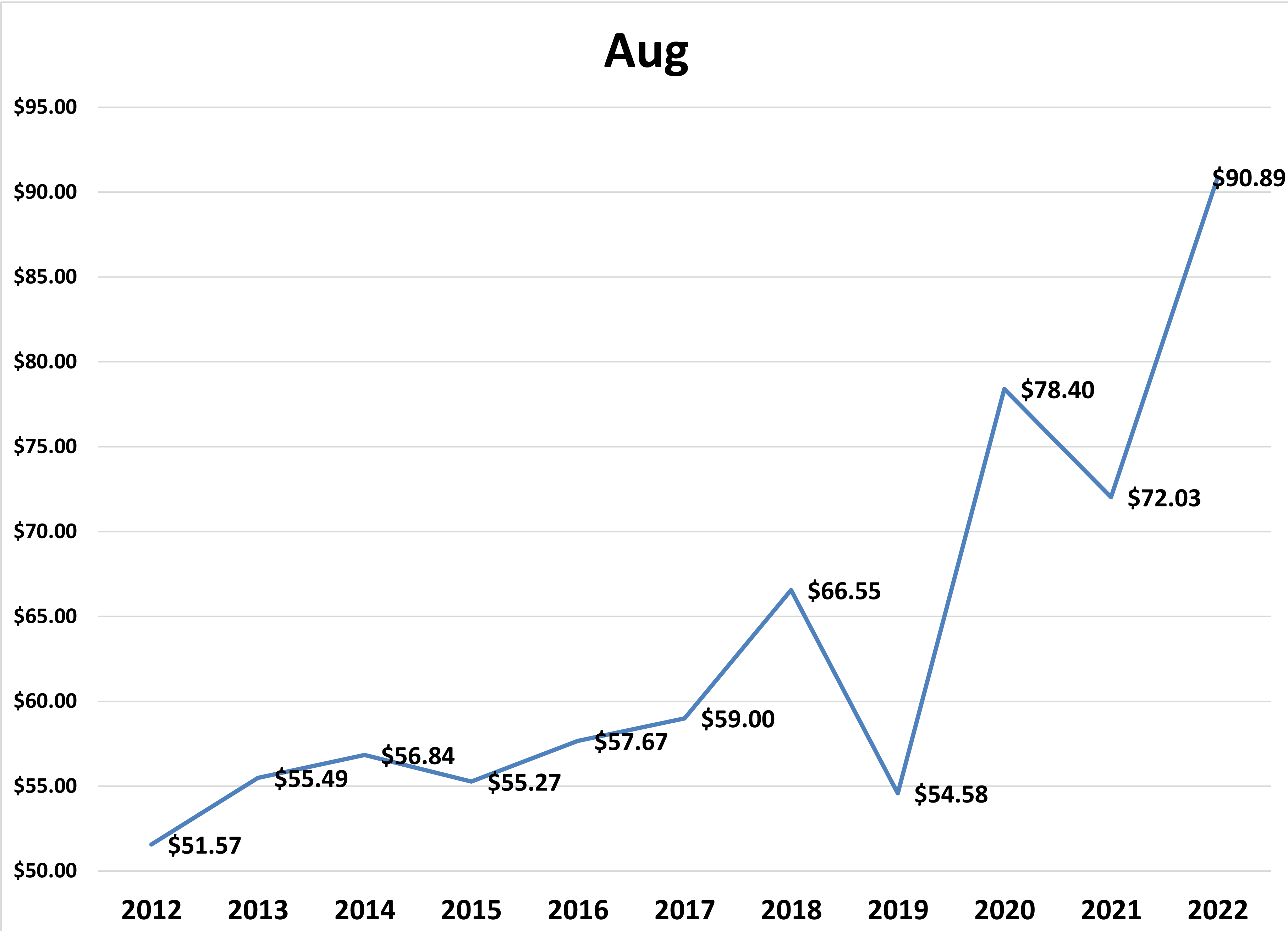

Solar KwH
120,000
100,000
80,000
60,000
40,000
20,000
0
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
2018
2019
2020
2021
2022

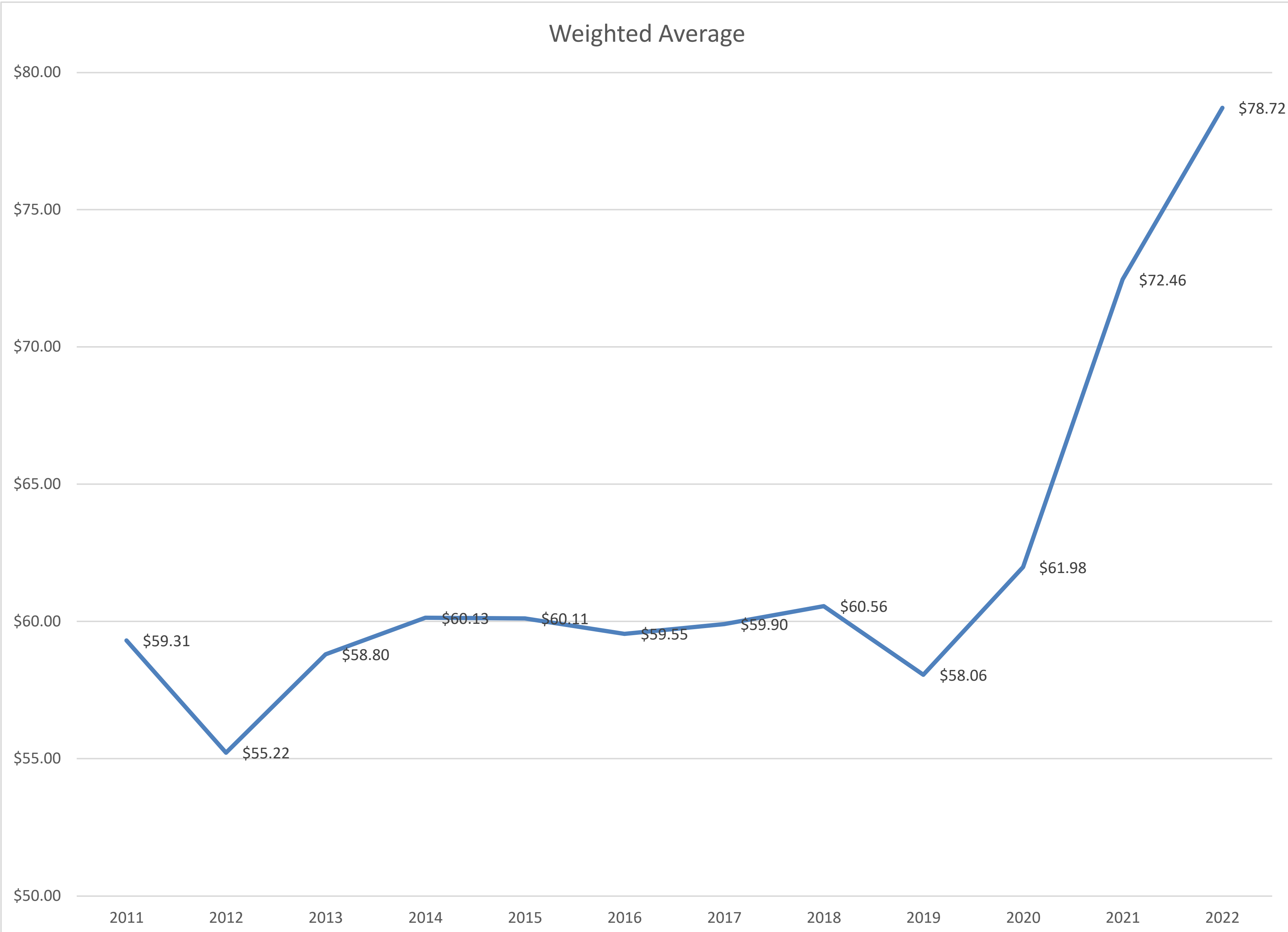
AVERAGE YEARLY POWER PRICES

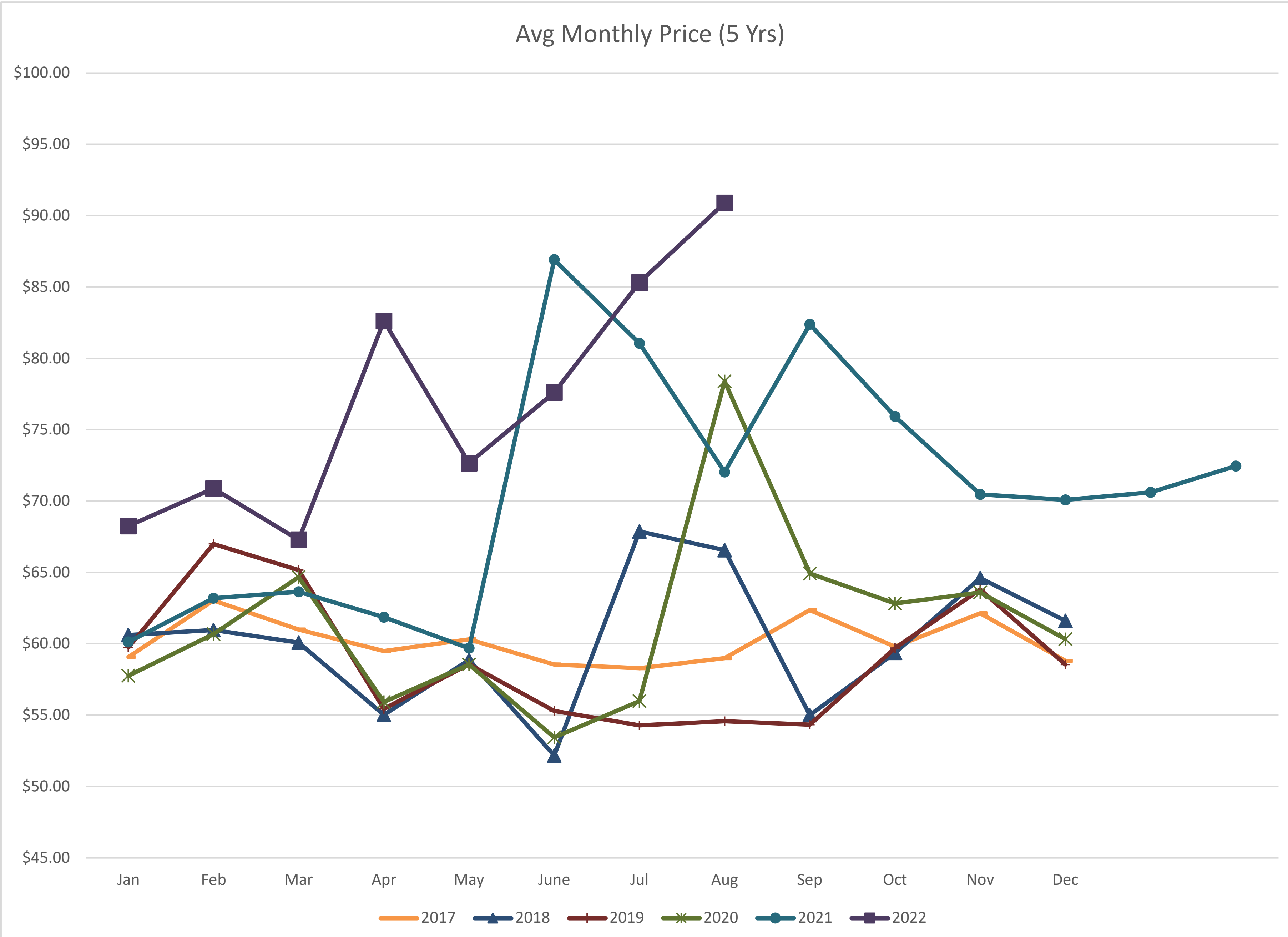
21-22 bdgt amount		**$0.00**
BDGT	Year to Date	**$74.87**

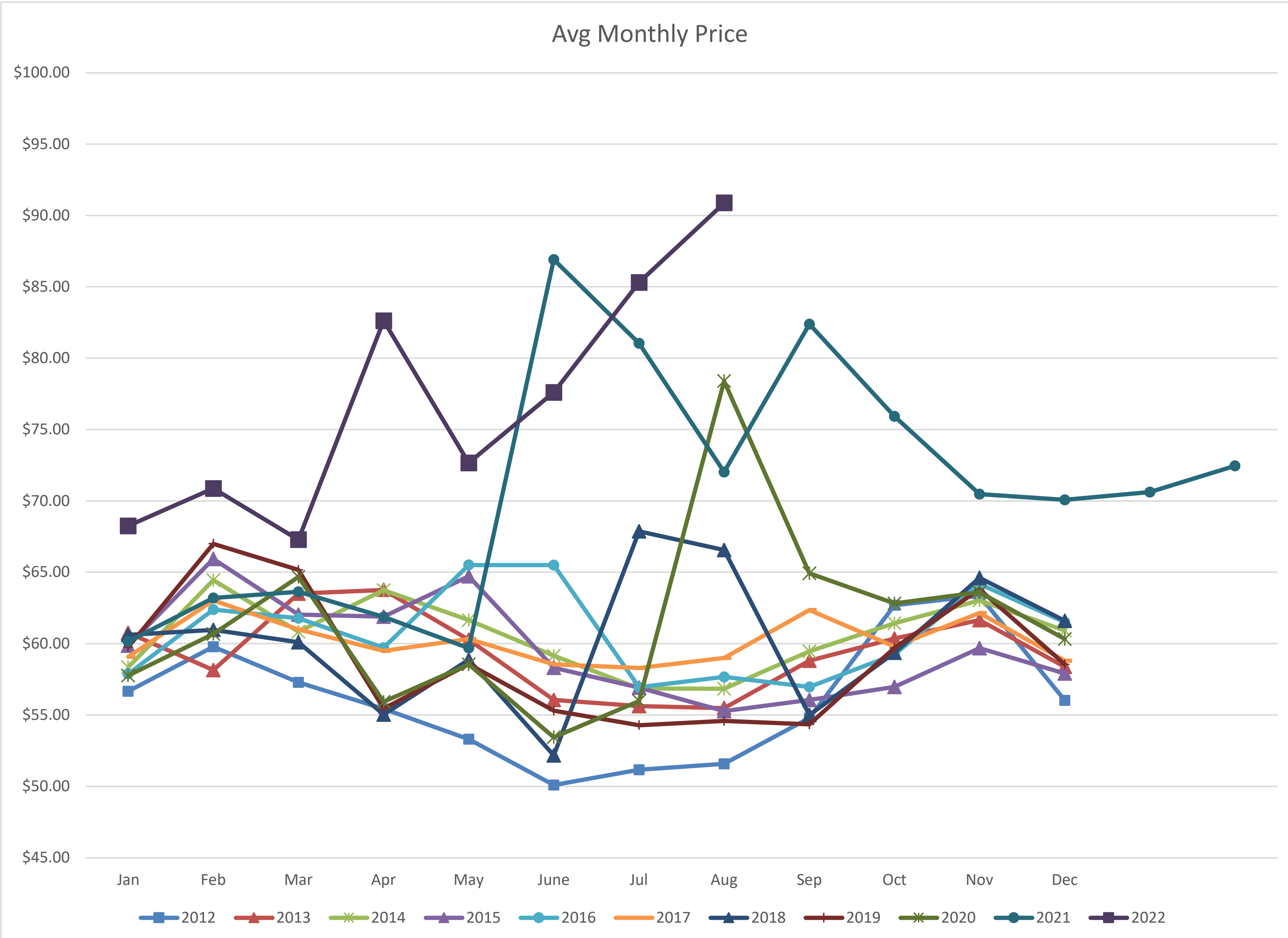
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jan	$56.66	$60.76	$58.36	$59.86	$57.87	$59.07	$60.62	$59.75	$57.76	$60.14	$68.25
Feb	$59.78	$58.15	$64.45	$65.94	$62.38	$63.04	$60.96	$67.00	$60.67	$63.19	$70.88
Mar	$57.28	$63.50	$60.83	$62.03	$61.77	$60.99	$60.09	$65.17	$64.67	$63.64	$67.28
Apr	$55.43	$63.77	$63.75	$61.88	$59.71	$59.49	$55.02	$55.44	$55.92	$61.86	$82.63
May	$53.31	$60.28	$61.64	$64.71	$65.51	$60.32	$58.86	$58.55	$58.55	$59.69	$72.66
June	$50.09	$56.05	$59.15	$58.30	$65.51	$58.54	$52.17	$55.30	$53.44	$86.91	$77.60
Jul	$51.16	$55.62	$56.85	$56.91	$56.95	$58.29	$67.87	$54.29	$55.98	$81.04	$85.31
Aug	$51.57	$55.49	$56.84	$55.27	$57.67	$59.00	$66.55	$54.58	$78.40	$72.03	$90.89
Sep	$54.79	$58.80	$59.46	$56.06	$56.97	$62.36	$55.00	$54.34	$64.93	$82.38	
Oct	$62.68	$60.35	$61.42	$56.97	$59.23	$59.79	$59.36	$59.70	$62.82	$75.92	
Nov	$63.37	$61.65	$63.03	$59.68	$64.18	$62.14	$64.60	$63.80	$63.60	$70.47	
Dec	$56.02	$58.37	$60.91	$57.90	$61.51	$58.80	$61.61	$58.55	$60.33	$70.07	
Yr Avg	$56.01	$59.40	$60.56	$59.63	$60.64	$60.15	$60.23	$58.87	$61.42	$70.61	$76.94
Weighted Avg	$55.22	$58.80	$60.34	$58.99	$59.55	$59.90	$60.56	$58.11	$61.98	$72.46	$78.72
											Cy to Date

These figures capture the total cost of power to the power department. The power department uses costs only associated with the purchasing and generation of power and includes debt payments and interest associated with power resources.


Aug
$95.00
$90.00
$85.00
$80.00
$75.00
$70.00
$65.00
$60.00
$55.00
$50.00
$51.57
$55.49
$56.84
$55.27
$57.67
$59.00
$66.55
$54.58
$78.40
$72.03
$90.89
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022


Weighted Average
$80.00
$75.00
$70.00
$65.00
$60.00
$55.00
$50.00
$59.31
$55.22
$58.80
$60.13
$60.11
$59.55
$59.90
$60.56
$58.06
$61.98
$72.46
$78.72
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022


Avg Monthly Price (5 Yrs)
$100.00
$95.00
$90.00
$85.00
$80.00
$75.00
$70.00
$65.00
$60.00
$55.00
$50.00
$45.00
Jan
Feb
Mar
Apr
May
June
Jul
Aug
Sep
Oct
Nov
Dec
2017
2018
2019
2020
2021
2022


Avg Monthly Price
$100.00
$95.00
$90.00
$85.00
$80.00
$75.00
$70.00
$65.00
$60.00
$55.00
$50.00
$45.00
Jan
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Mar
Apr
May
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Sep
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Nov
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2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022