

Minutes of the Hurricane City Council special meeting held on January 31, 2023, at the Power Building 526 W 600 North, Hurricane, Utah, at 4:00 p.m.

**Members Present:** Mayor Nanette Billings and **Council Members:** Joseph Prete, Dave Sanders, Doug Heideman, and Kevin Thomas. David Hirschi (online)

**Also Present:** City Manager Kaden DeMille, City Attorney Dayton Hall, Power Superintendent Scott Hughes, Planning Director Stephen Nelson, City Recorder Cindy Beteag, Brian Anderson, Paige Chapman, UAMPS General Manager Mason Baker, and UAMPS Manger of Member Relations Jackie Coombs. Project Director Shawn Hughes (online)

## **AGENDA**

### **4:00 p.m. Work Meeting with UAMPS regarding pending projects**

Mason Baker explained that as part of the NuScale projects, built-in off-ramps allow members to reassess their position in the project. Members can terminate their participation or move forward for another year. Project Director Shawn Hughes explained that he has worked in the nuclear power industry for forty-two years. The Carbon Free Power Project (CFPP) is an LLC established by Utah Municipal Associated Power Systems (UAMPS). The project consists of six modules with a gross output of 462 megawatts. The forecasted commercial operation date for the first module is 2029. The remaining modules are anticipated to be online by 2030. The Nuclear Regulatory Commission (NRC) granted a forty-year license period. The Department of Energy's (DOE) financial contribution to the project is weighted toward the front end. In 2022, an experienced regulatory manager was brought into the project, and XL Industries was brought on as the maintenance and operations contractor. The geotechnical field activities were completed, and a nuclear quality assurance audit was performed. He reported that the project's cost has increased due to inflation and interest rates. The CFPP is supported by NuScale, Fluor, and Xcel. The owners have been involved in the collaboration and oversight, conceptual design and estimating, and the Combined Construction Operating License (COLA) development. The license application is due to be submitted in 2023. He reviewed the timeline for the NRC pre-application engagements.

Mayor Billings asked what other options the City has if they terminate participation in this project. She has talked to other municipalities, and they are staying in the project. Mr. Baker reported that UAMPS is pursuing other options. He presented a graph showing Hurricane City's resource portfolio. UAMPS is pursuing additional solar, new natural gas, wind, and geothermal. UAMPS considers CFPP as a generational replacement of resources. They see a strong value in continuing with this development. Councilman Prete reported that this is a significant risk and asked if other resources are available if the City chooses to dissolve participation in the project. Mr. Baker reported that the best-case scenario is that a solar project will generate thirty percent annually; however, the remaining seventy percent must be made of a different

resource. He doesn't see other options that provide long-term protection at this level. Councilman Prete asked why this is mainly funded by public entities, not private ventures. Mr. Baker explained that parties are interested in investing in a portion of the project. Councilman Sanders asked if other members are sitting on the sidelines. Mr. Baker reported that some interested members have not signed a long-term power sales contract.

UAMPS has a reimbursement agreement with NuScale, and reimbursements are a member's decision. Twenty-seven members have signed a contract with UAMPS. Mr. Baker reported that some of the drivers of the cost increases are tied to the commodities going into the project. Steel piping has increased by over one hundred percent, and the interest rates have increased by two hundred basis points. He explained that there will be another off-ramp in 2024, and the next NRC review is in 2026. Councilman Prete asked if the interest rate goes down, can it be locked in. Mr. Baker explained that this will be reviewed in 2026. In the current day dollars, the 2020 target price of fifty-eight dollars per megawatt hour is now eighty-nine dollars per megawatt. As a result, UAMPS may withdraw from the project and be reimbursed for most out-of-pocket expenses. Another significant change is that if the project is not eighty percent subscribed, UAMPS is eligible for full reimbursement. Councilman Prete asked what the marketing plan is to get more subscribers. Mr. Baker reported they are working hand in hand with NuScale. Due to their reimbursement exposure, they are highly motivated to bring the project to eighty percent participation. UAMPS is also hiring a Business Development Director to work on this full-time and reviewing different incentive structures.

Councilman Thomas is excited about the project; it is a valuable asset to Hurricane City's portfolio. Mayor Billings agreed. The City has more to lose if it does not participate in the project. Mr. Baker summarized the current total project costs and the benefit of the investment tax credit. Mayor Billings feels this is sustainable and something the City can afford. Councilman Prete's understanding is that at the next off-ramp, Hurricane City has to pay \$800,000 to dissolve its participation in the project. Scott Hughes asked what type of risks are present after the licensing stage. Shawn Hughes explained that there are many unknowns after construction begins. There are supply chain market risks. The NRC conducts many inspections, which could cause delays. Scott Hughes reported that any decision at this juncture has to be passed by resolution. Cindy Beteag reported that this will be on the February 16<sup>th</sup> City Council agenda.

**Adjournment: 5:55 p.m.**