City of Bonners Ferry

SEPTEMBER 17, 2019

ELECTRIC RATE DISCUSSION

[redacted]

Discussion Points

1. Review of Recent Hydro Projects
2. BPA Rate Escalation
3. City of Bonners Ferry Rate Escalation
4. Federal Energy Regulatory Commission (FERC)
5. Current Condition of The Dam
6. City's Capitalization Plan

Recent Electric Department Projects

Project	Year Completed	Approximate Cost
Silt Removal Behind Dam	2019	$670,000
Hydro – Unit #4 Rotor and Thrust Bearing	2017	$127,000
Hydro – Unit #2 Rebuild	2016	$125,000
Moyie Substation Rebuild	2015	$800,000
Moyie Transmission Line Relocation	2015	$550,000
Hydro – Unit #1 Rebuild	2011	$253,000
Hydro – Unit #4 Rebuild	2008	$178,000

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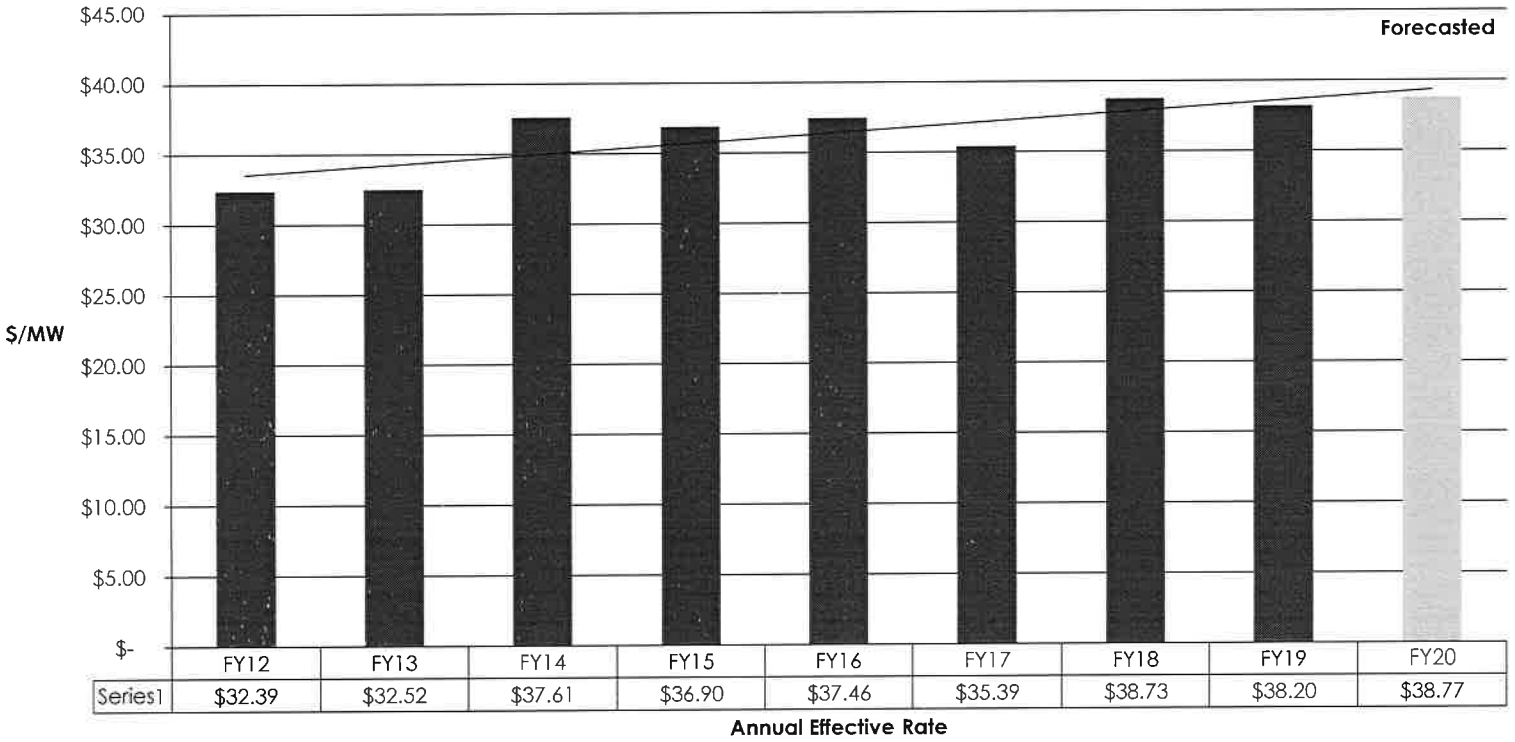
Bonners Ferry Annual Effective BPA Rates (Actual)



	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Series1	$32.39	$32.52	$37.61	$36.90	$37.46	$35.39	$38.73	$38.20	$38.77

Annual Effective Rate

BPA and City of Bonners Ferry Power Rates

- The City produces approximately 30% of its own power, and purchases the remainder of its power form BPA.
- Purchased power from BPA makes up approximately 50% of the City's annual electric expenses.
- Since 2012, the City's effective purchased power rates from BPA have increased 19.7%.
- The City has not increased it's electric rates for residential, commercial, or smaller industrial customers since 2009.

Federal Energy Regulatory Commission (FERC)

- The City's dam is licensed and regulated by the FERC.
  - Dam must be operated under the license and the Clean Water Act.
  - The license directs the City in such items as; how it will provide an aesthetic release, parameters for removing silt, providing for public access, etc.

- Each year a safety inspection of the dam is performed by the FERC and IDWR.

- Every 5 years a comprehensive safety inspection is performed by the FERC, a third-party consultant, and City staff.

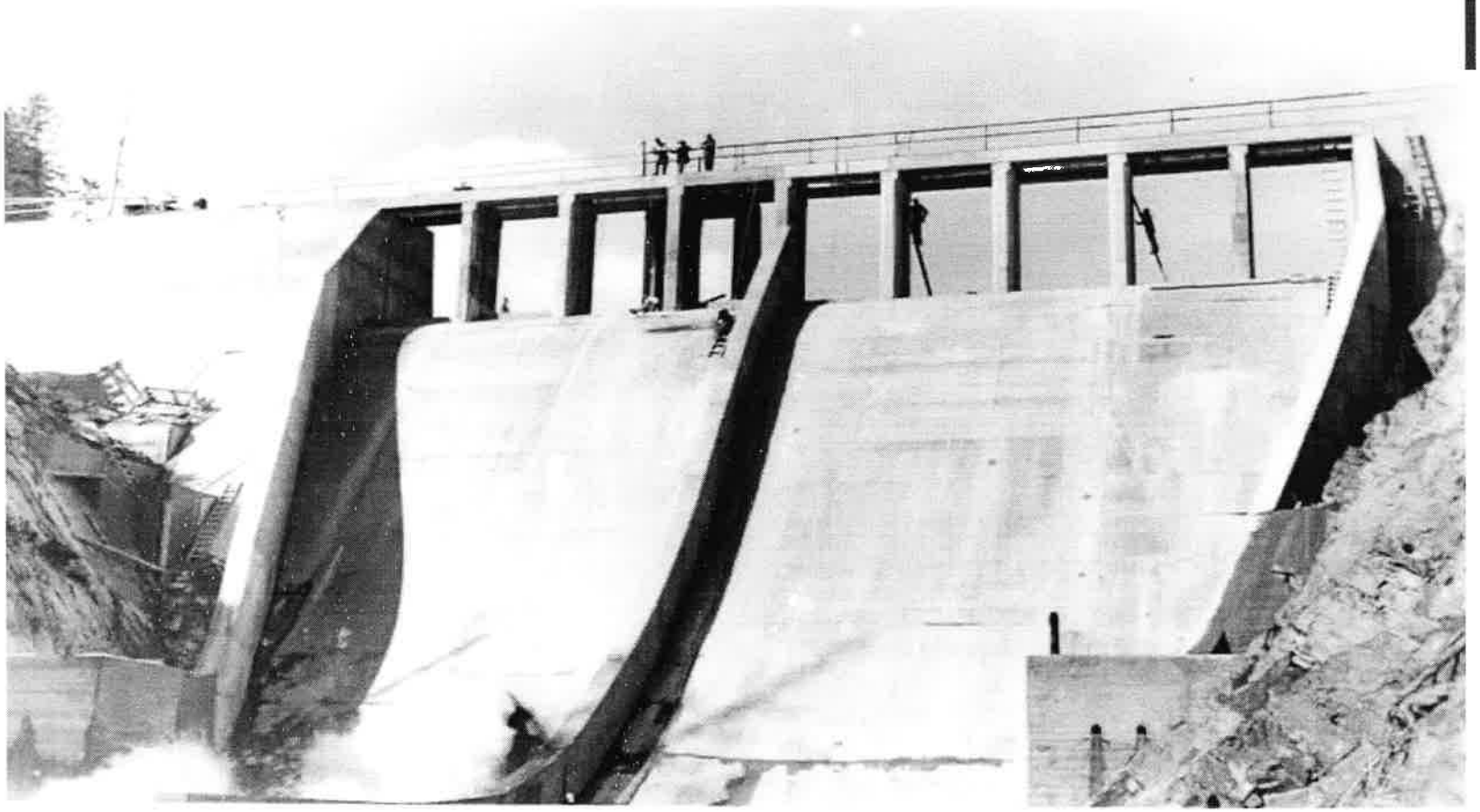
- The 5 year inspection is called a "Part 12" inspection because it is directed under Code of Federal Regulations (CFR) 18 Part 12 – Safety of Water Power Projects. These inspections can cost the City between $30,000 and $40,000.

- Concrete spalling on the spillway surface of the dam has been noted by the FERC in their inspections, and has asked the City for a plan and schedule for the repairs.

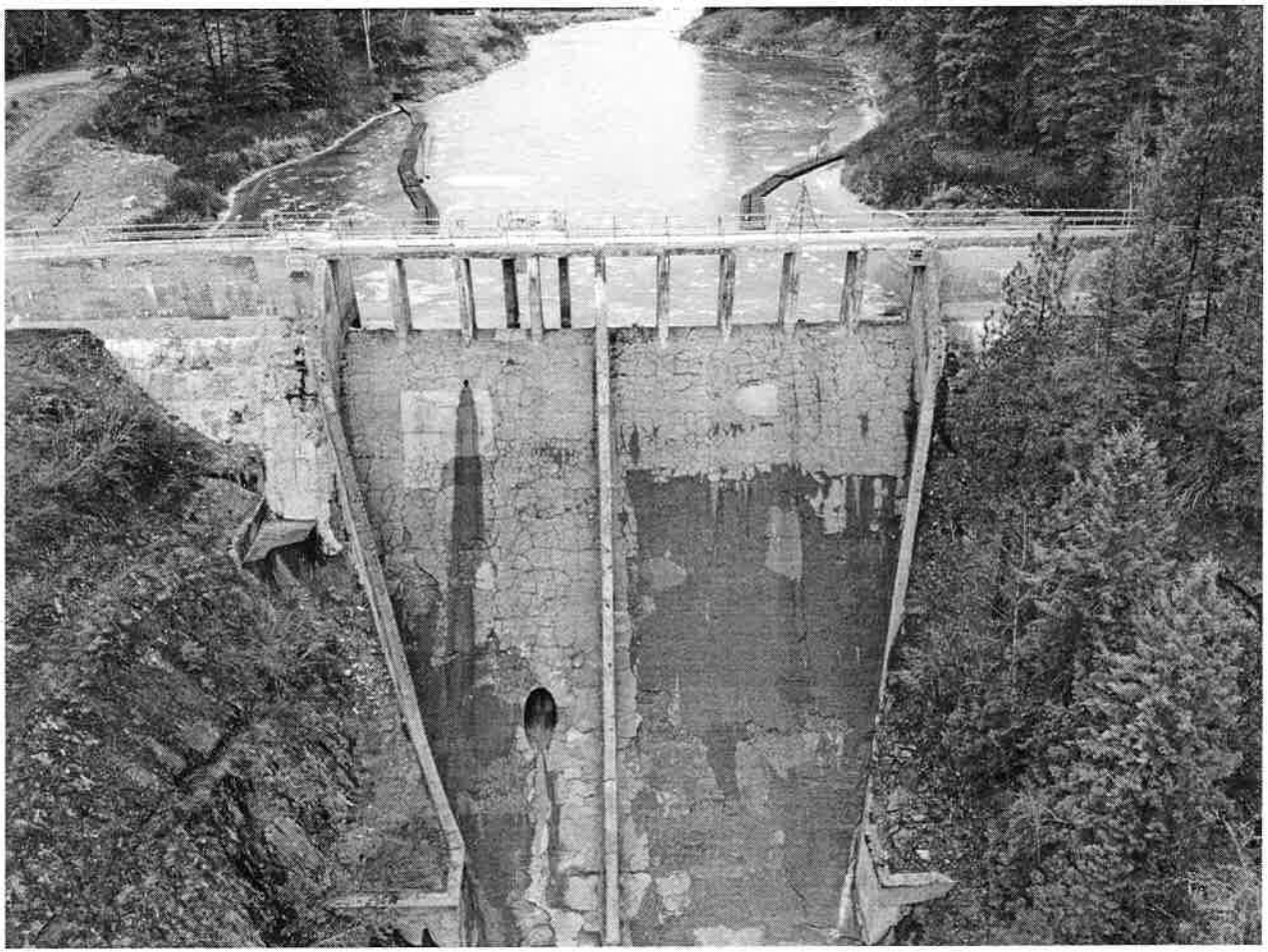
- In response, the City contracted with an engineering firm to complete plans for resurfacing the spillway. Final plans will likely be approved by the end of 2019.

Current Condition of the Moyie Dam

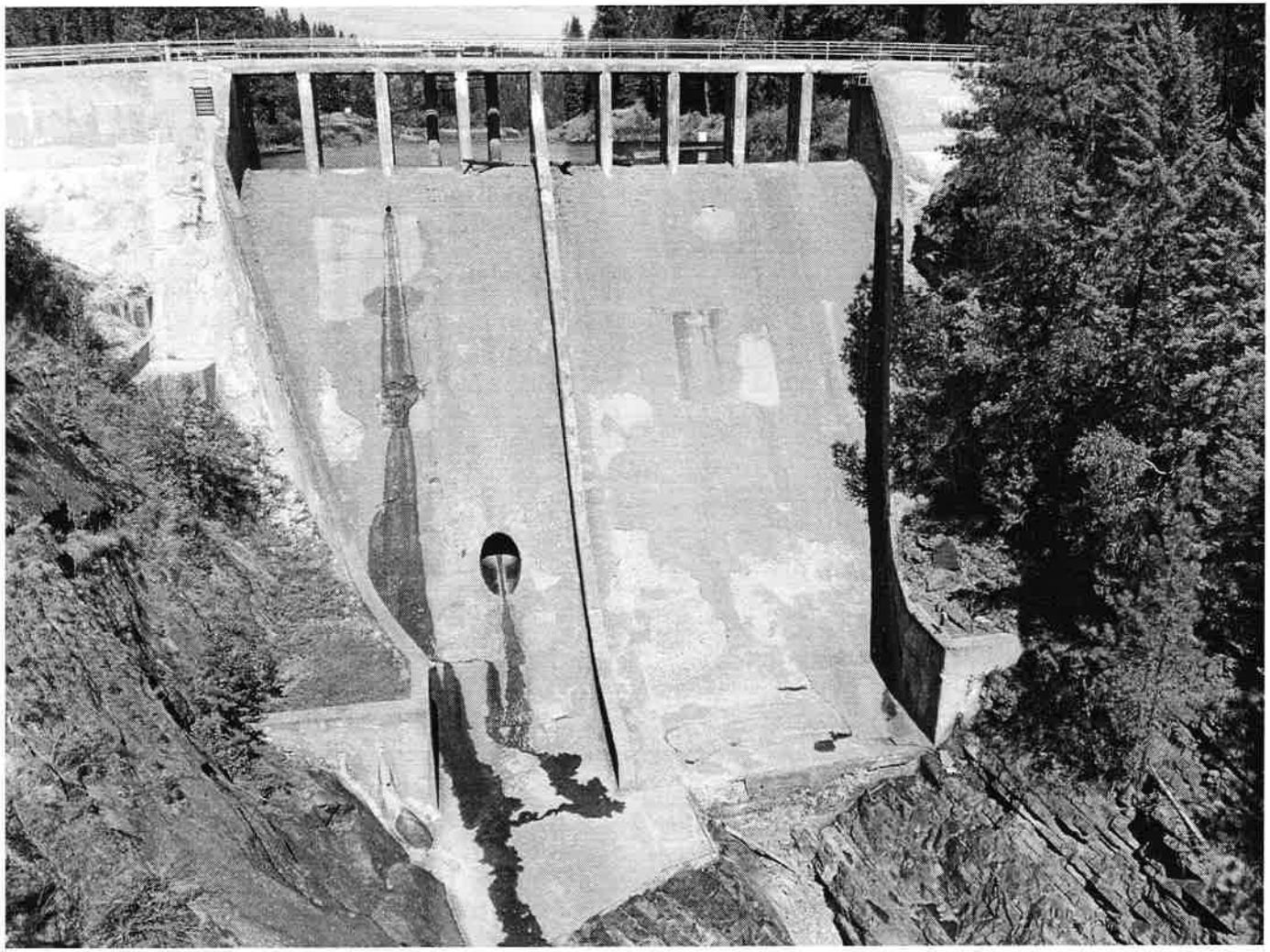
- The dam was constructed in 1948, and has been in operation for approximately 71 years.
- The concrete at the surface of the spillway is spalling and requires significant work.
- The engineer's estimate to complete the spillway repairs in $3,700,000.



Completion of Dam in 1948



Spillway Condition in 2018



2019 Photos

City of Bonners Ferry

Electric Department - Proposed Capital Expenses

FY	2019	2020	2021	2022	2023	Total
EXPENSES						
Rolling Stock	$ 260,000	$ 40,000	$ 40,000	$ 150,000	$ 40,000	$ 530,000
Underground Replacement	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 375,000
Overhead Line rebuild	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000
Transformer (Moyie Sub)						
Highway 95	$ 200,000		$ 500,000			$ 700,000
Katka Tap			$ 150,000			$ 150,000
Riverside (BC project)		$ 200,000				$ 200,000
Spillway Rehabilitation			$ 1,379,000	$ 1,701,000	$ 663,000	$ 3,743,000
Penstock Valve Repair	$ 150,000					$ 150,000
Security & Surveillance Improv.	$ 75,000	$ 75,000				$ 150,000
	$ 810,000	**$ 440,000**	**$ 2,194,000**	**$ 1,976,000**	**$ 828,000**	**$ 6,248,000**

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Key Points

- Keeping the dam in good operational condition is in the best interest of City and it's ratepayers.

- The FERC expects the City to provide a firm commitment to them that the spillway will be repaired soon.