



2021 ANNUAL REPORT





*Idaho Falls Power Board / City Council and Mayor
Left to Right: James Francis (Council Member), John Radford (Council Member), Michelle Ziel-Dingman (Council President), Rebecca Casper (Mayor), Lisa Burtenshaw (Council Member), James Freeman (Council Member), Thomas Hally (Council Member)*



MANAGERS' MESSAGE

Bear Prairie

GROWTH



Growth is the underlying story of the Mountain West over the past year, with Idaho being the fastest growing state per capita in the nation. Idaho Falls is Idaho's fourth largest city and is no exception to this explosive growth. Idaho Falls Power is connecting record numbers of new customers every month. These new services include not only power but also broadband connection on the fiber optic network.

Average annual electricity sales in the fiscal year were 3.1% higher than the previous year and over 6% higher than electric usage over the past decade. We set a new summer peak load in early July that was 9.5% higher than the previous peak of 117 megawatts (MW). In fact, electricity demand was so strong July 2021 that we broke previous years' peak usage on six different days. We also had record growth in new customer connections and services in the electric segment of the business.

The fiber network has also experienced record growth. This growth was both in terms of pass-by and customer connections. Fiber completed year two of the four-year, citywide network build out. Customer connections grew 275% over the year while customer pass-by (those that have access but have not connected yet) grew 317% for the year. This was remarkable progress, especially considering ongoing supply chain disruptions.

One area that did experience a substantial decline year over year was lost time injuries and vehicle accidents. For the first time in utility history, we had zeros in each of these safety metrics. Idaho Falls Power and Fiber increasing productivity and meeting growing customer demands in a zero-accident workplace is a testament to our dedicated professionals.

Bear Prairie

Bear Prairie
General Manager





PROJECT HIGHLIGHTS

GROWTH IN IDAHO FALLS

161 KV TRANSMISSION LINE

New construction, a booming housing market, and increased traffic are evident signs there's been growth in Idaho Falls. So, it came to no surprise when the 2020 U.S. Census reported a population increase of nearly 10,000 people from 2010 to 2020 in the city.

The population growth caused a ripple effect in 2021 upon all aspects of life in Idaho Falls, including at Idaho Falls Power (IFP) as the utility strived to construct and maintain a reliable, sustainable, and safe electric system for the current and future growth.

At the top of the list of new projects was the construction and completion of the utility's long-awaited new 161 kV transmission line to the north of the city.

Idaho Falls Power, along with PacifiCorp, constructed a 14-mile, 161kV transmission line connecting the Sugarmill Substation along Hitt Road to extend across Lincoln Road and Yellowstone Highway. The line crosses over U.S. Highway 20 near 25th then travels to the west and across the Snake River to the future Paine Substation. The project started in the Spring of 2021 and reached completion in April of 2022.

The 161 kV transmission line provides needed reliability and improved capacity to the power system serving the northern portion of the City of Idaho Falls and also benefiting all of eastern Idaho's transmission grid.

The completion of the line came following decades of planning. IFP first built a 161 kV transmission line, located on the southern portion of the city connecting the Westside Substation to the Sugarmill Substation in the 1980s. The original design was for this to be a larger project that would also serve the northern portion of the city as well.

IFP hired an engineering consultant in 2008 and began public outreach to create a design for the future 161 kV transmission line, now called the Sugarmill to Paine 161

kV Transmission Line. Consultants, in coordination with stakeholders, began discussions on potential sites and routing options. The utility also began negotiations to acquire property, rights-of-way, and easements to construct the transmission line.

The project faced some legal challenges from concerned stakeholders in the region in 2011, but IFP continued to work on purchasing easements and rights-of-way from landowners. In 2017, IFP partnered with PacifiCorp (Rocky Mountain Power), as both utilities saw this transmission line benefiting both utilities to better serve growth within the city and outside of the city for Rocky Mountain Power customers in the area. The utilities entered into a procurement and construction agreement wherein ownership and construction costs would be shared by each utility relative to their ownership/usage in the project.

Idaho Falls Power contracted with Summit Line Construction Inc. at the start of 2021 to begin construction on the power line portion of the project. The total cost of the line including property, right-of-way acquisitions, construction, and materials will be roughly \$16.8 million. The project included the installation of approximately 14 miles of steel structures and accompanying high voltage conductor and lower voltage under build circuits including communication lines.



BLACK START PROJECT

Idaho Falls Power's (IFP) mission is to provide safe, reliable, and sustainable energy to customers. So, when staff identify any vulnerability in IFP's electrical system, it's a problem to be solved.

In December 2013, a risk to the utility's reliability and resiliency was exposed following a failure at the Goshen Substation that left tens of thousands of customers within the region without power in subzero temperatures. The outage identified a single point of failure in the Southeast Idaho transmission system. This simply could not be left unchanged. IFP utility staff acted to find a solution that would at least enable them to provide electricity to emergency services, such as fire, police and hospitals. The ability to restart a grid or microgrid from a blackout condition is often referred to as a black start. The question became, could Idaho Falls Power create a microgrid and black start with the city owned generators?



IFP operates five small run-of-the-river power plants along the Snake River. These plants provide approximately one-third of the electric generation needed for the City of Idaho Falls. Traditionally, small hydro projects such as those operated by Idaho Falls Power aren't designed for, nor are they considered reliable in, providing black start capabilities. This was shown in 2017 following an initial microgrid test done by IFP and the Idaho National Laboratory.

Staff continued to research and make tweaks to the system to enable a more successful black start. One of the changes that was implemented included the addition of ultracapacitors to stabilize the frequency on the generator. Prior to the ultracapacitors, anytime the generator took on more load, the frequency would drop and ultimately cause the plant to trip offline. The ultracapacitors provide the extra support as load was added onto the system.



Another change was made to the system controls. The plant system is designed to run as efficiently as possible, which means it's constantly tuning to get the most electrons out of the plant. To enable more stability for the black start, the system needs to run less efficiently. Utility staff worked with American Governor Group of Emerson and Basler to modify the controls and create an islanded mode. This island mode will help to operate when disconnected from the regional grid.

A third change was made on the operational process. It was found that load balancing between the plants made a significant impact on stability.

In spring 2021, a black start test was again conducted on the system. The three power plants—City, Lower and Old Lower—were isolated from the grid. Two 4-MW load banks were brought in to simulate load for emergency services. A 375-kVA ultracapacitor energy storage system was brought in by INL.

Each bulb turbine was tested with and without the ultracapacitor and found success with each test. Modified operational processes, the new controls, and the ultracapacitor allowed the team to successfully ramp up the power to 8 MW and back down without tripping offline.

This is a success story for the entire community and provides reassurance that needs can be met, particularly during an emergency.



RMP BUYOUT

Idaho Falls Power (IFP) reached a \$4.2 million deal with Rocky Mountain Power (RMP) to purchase approximately 750 residential and commercial electric services in 2021.

In recent years, the City of Idaho Falls Planning and Zoning Commission has approved small annexations into the city, cleaning up sections of the city that were receiving city services but not technically within city limits. Following these annexations, the utility opted to purchase these locations from RMP.

The buyout involved months of negotiations and by the end of the summer 2021, the final deal to purchase infrastructure and individual customer services was reached and sent to the Idaho Public Utilities Commission (PUC) for approval. The PUC made their final approval in the fall of 2021.

Coordination between RMP and IFP began in November to transition customers over to IFP with the first batch of customers transitioned in December. The entire process was expected to be completed within six months.

FIBER EXPANSION

The Idaho Falls Fiber Network continued to meet multiple milestones in 2021 as it progressed toward becoming the largest open-access fiber network in the state.

The fiber-to-the-home construction continued in 2021 as several new neighborhoods, including Home Ranch, Cedar Ridge, Park Place, Ivy Wood, Southpoint, Belmont, Solstice, Shamrock Park, and other subdivisions were opened. The utility worked closely with two contractors during the construction season laying new electrical and fiber conduit and pulling fiber optic cable to serve thousands of residences. Construction also continued in neighborhoods with overhead infrastructure as new cable was strung in these neighborhoods.

From spring until late fall, multiple neighborhoods were opened up for Idaho Falls Fiber Network access, completing the second year of a four-year project. The fiber-to-the-home project remains on schedule to be completed by the first quarter of 2024.

The project also reached the milestone of 3,000 customers just two weeks before the end of 2021.

ConnectFast became the fifth internet service provider on the network in November, providing more options for services and pricing.





STATS

BY THE NUMBERS

RATES



IFP

Residential: 6.25 cents
Commercial: 3.9 cents



STATE

10.33 cents
7.72 cents



NATIONAL

13.75 cents
11.2 cents



CUSTOMER COUNT

25,142 Residential

4,325 Commercial

5 Industrial

GENERATION

Upper Plant: 42,625 MWh

Gem State: 111,083 MWh

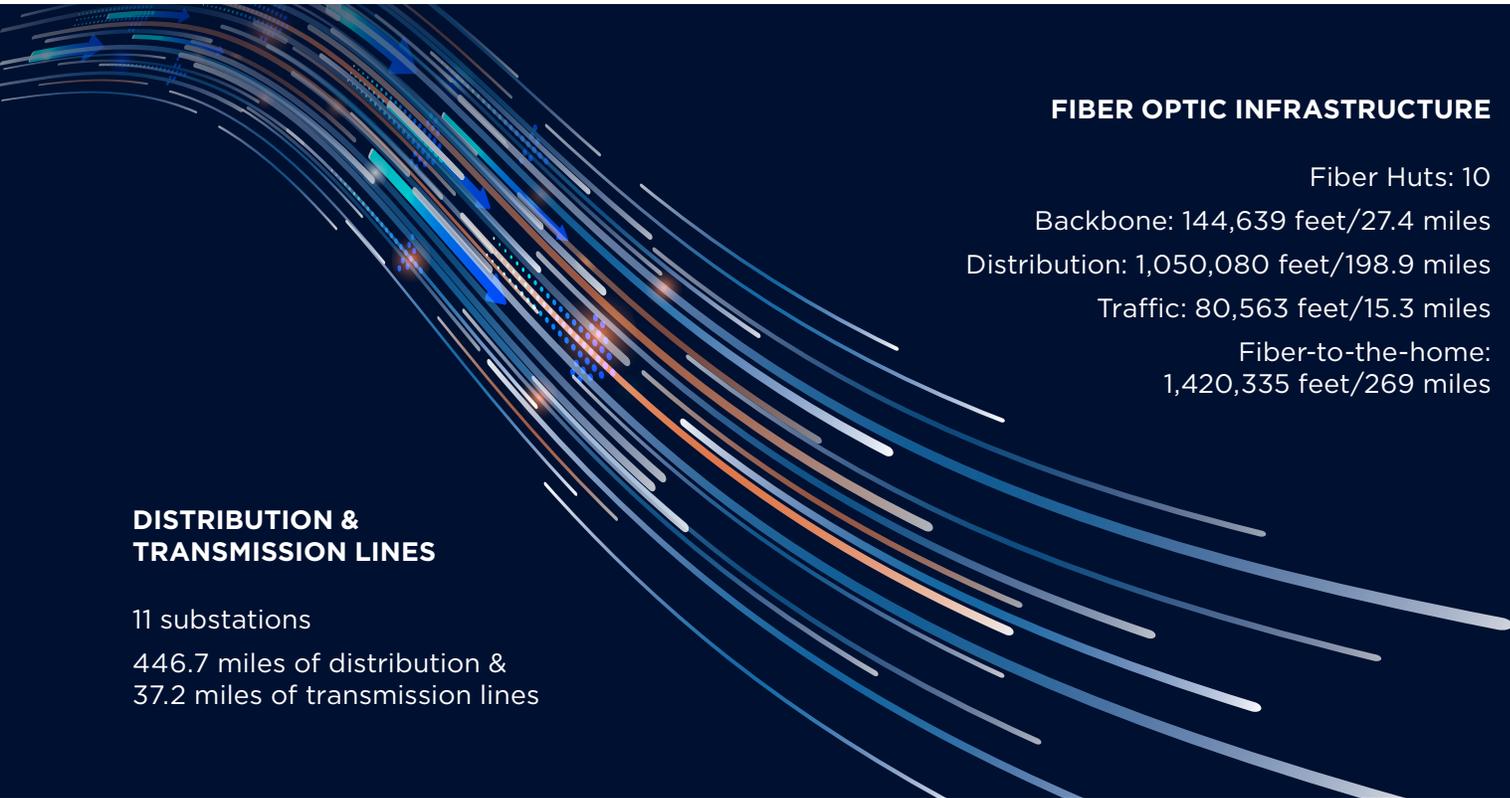
City Plant: 40,568 MWh

Horse Butte: 7,451 MWh

Lower Plant: 30,486 MWh

Rooftop Solar: 49.97 MWh

Old Lower Plant: 10,762 MWh

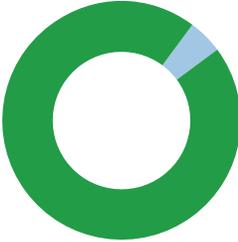


FIBER OPTIC INFRASTRUCTURE

Fiber Huts: 10
Backbone: 144,639 feet/27.4 miles
Distribution: 1,050,080 feet/198.9 miles
Traffic: 80,563 feet/15.3 miles
Fiber-to-the-home:
1,420,335 feet/269 miles

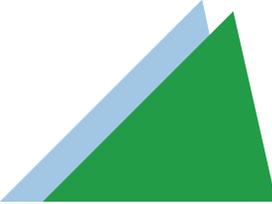
DISTRIBUTION & TRANSMISSION LINES

11 substations
446.7 miles of distribution &
37.2 miles of transmission lines



PURCHASE POWER

BPA: 617,593 MWh
UAMPS: 29,688 MWh



2021 MW PEAKS

Winter: 134 MW
Summer: 126.2 MW

RECREATION

305-acre Gem Lake
13,000 pounds of trout stocked
5-acre fishing pond
5 boat ramps on Snake River

ENERGY SAVINGS

Residential:
131,100 kWh

Commercial:
1,228,700 kWh

Industrial:
843,700 kWh



2021 FINANCIALS

CITY OF IDAHO FALLS, ID | ELECTRIC LIGHT FUND AND FIBER FUND

COMBINED STATEMENTS OF NET POSITION

As of September 30	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$1,042,929	\$2,505,140
Investments	34,290,247	53,164,787
Accounts receivable, net	3,449,002	3,646,245
Power contracts receivable	1,712,678	422,732
Interest receivable	108,426	163,557
Bond receivable	20,704,017	-
Materials and supplies	5,959,196	4,856,077
Total current assets	67,266,495	64,758,538
UTILITY PLANT		
Plant in service	258,058,633	252,471,806
Accumulated depreciation	(162,894,714)	(156,113,955)
Construction work-in-progress	43,018,097	16,298,284
Net utility plant	138,182,016	112,656,135
INTERFUND ADVANCES	4,063,467	-
NET PENSION ASSET	126,157	-
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows – pension	1,850,981	1,219,690
Total deferred outflows of resources	1,850,981	1,219,690
Total assets and deferred outflows of resources	\$211,489,116	\$178,634,363

See Notes to Combined Financial Statements

CITY OF IDAHO FALLS, ID | ELECTRIC LIGHT FUND AND FIBER FUND

COMBINED STATEMENTS OF NET POSITION

As of September 30	2021	2020
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$3,748,505	\$2,908,594
Compensated absences	687,369	585,499
Purchased power payable	2,169,410	1,454,962
Total current liabilities	6,605,284	4,949,055
LONG-TERM LIABILITIES		
Compensated absences	674,127	520,818
Long-term debt	20,594,873	-
Net pension liability	-	4,735,599
Total long-term liabilities	21,269,000	5,256,417
Total liabilities	27,874,284	10,205,472
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	4,239,764	262,002
Total deferred inflows of resources	4,239,764	262,002
NET POSITION		
Investment in capital assets	138,182,016	112,656,135
Unrestricted	41,193,052	55,510,754
Total net position	179,375,068	168,166,889
Total liabilities, deferred inflows of resources, and net position	\$211,489,116	\$178,634,363

See Notes to Combined Financial Statements



CITY OF IDAHO FALLS, ID | ELECTRIC LIGHT FUND AND FIBER FUND

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

As of September 30	2021	2020
OPERATING REVENUES		
Retail	\$51,587,453	\$50,011,134
Wholesale	4,792,949	5,070,460
Other	2,981,178	3,526,420
Total operating revenues	59,361,580	58,608,014
OPERATING EXPENSES		
Purchased power	28,152,566	26,393,011
Power generation	3,050,330	2,884,440
Transmission and distribution	5,442,079	4,574,969
Fiber operations and maintenance	1,107,025	478,775
Customer accounting and collection	3,542,298	3,797,756
General and administrative	1,195,144	1,907,852
Depreciation	6,949,624	6,766,066
Total operating expenses	49,439,066	46,802,869
OPERATING INCOME	9,922,514	11,805,145
OTHER REVENUE (EXPENSE)		
Investment earnings	276,131	1,096,914
Interest expense	(142,823)	-
Transfer out - payments in lieu of taxes	(3,465,990)	(3,840,568)
Total other expense	(3,332,682)	(2,743,654)
CAPITAL CONTRIBUTIONS	4,618,347	3,151,577
CHANGE IN NET POSITION	11,208,179	12,213,068
NET POSITION, BEGINNING OF YEAR	168,166,889	155,953,821
NET POSITION, END OF YEAR	\$179,375,068	\$168,166,889

See Notes to Combined Financial Statements

CITY OF IDAHO FALLS, ID | ELECTRIC LIGHT FUND AND FIBER FUND

COMBINED STATEMENTS OF CASH FLOWS

As of September 30	2021	2020
OPERATING ACTIVITIES		
Receipts from customers	\$56,413,616	\$56,206,008
Receipts from City	2,438,490	2,391,628
Payments to suppliers	(32,344,192)	(28,818,540)
Payments to employees	(9,276,467)	(10,026,334)
Payments to City for services used	(2,260,878)	(2,511,650)
Net Cash from Operating Activities	14,970,569	17,241,112
NONCAPITAL FINANCING ACTIVITIES		
Transfer (to) from other funds	(3,465,990)	(3,840,568)
Due (to) from other funds	(4,063,467)	-
Net Cash used for Noncapital Financing Activities	(7,529,457)	(3,840,568)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Plant expenditures and construction of capital assets	(32,475,505)	(13,627,791)
Capital contributions received	4,618,347	2,571,975
Net Cash used for Capital and Related Financing Activities	(27,857,158)	(11,055,816)
INVESTING ACTIVITIES		
Change in pooled investments	18,622,574	(7,493,672)
Interest on investments	331,261	1,305,795
NET CASH FROM (USED FOR) INVESTING ACTIVITIES	18,953,835	(6,187,877)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,462,211)	(3,843,149)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,505,140	6,348,289
CASH AND CASH EQUIVALENTS, END OF YEAR	\$1,042,929	\$2,505,140

See Notes to Combined Financial Statements



CITY OF IDAHO FALLS, ID | ELECTRIC LIGHT FUND AND FIBER FUND

COMBINED STATEMENTS OF CASH FLOWS

As of September 30

2021

2020

RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES

OPERATING INCOME	\$9,922,514	\$11,805,145
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ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Depreciation	6,949,624	6,766,066
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Change in pension accounts	(1,515,285)	1,007,613
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CHANGES IN OPERATING ASSETS AND LIABILITIES

Accounts receivable	(1,092,703)	(10,378)
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Materials and supplies	(1,103,119)	(581,390)
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Accounts payable	1,554,359	(1,737,259)
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Accrued liabilities	255,179	(8,685)
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NET CASH FROM OPERATING ACTIVITIES	\$14,970,569	\$17,241,112
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SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES

Contributed utility plant by governmental authorities	\$4,618,346	\$578,391
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See Notes to Combined Financial Statements



