CFPP Update Memo

City Council:

OVERVIEW:

I’d like to briefly review the CFPP (Carbon Free Power Project) finances. Up until now, the CFPP overall budget was capped at $6M.

Up to the amount of $6M, if UAMPS as a group, decides to withdraw from the project, there would be a 100% refund available. If Logan withdraws from the project as an individual participant, there is no refund and Logan City would be obligated to pay its share of the costs up to the date of official withdrawal.

The Department of Energy currently has a 100% match for funds spent on the project. So $3M of the $6M is covered by the DOE. The other $3M is shared 50/50 by NuScale (the company developing the small modular reactor technology) and UAMPS. So UAMPS share of this $6M is $1.5M. Logan City’s share is the percentage of the project is the Entitlement Share Logan has of the project associated with 5MW. This is 3.268% of $1.5M or about $50,000.

BUSINESS AT HAND:

In the recent UAMPS board meeting held November 19th, the UAMPS Board of Directors authorized increasing the budget from $6M to $9M. This takes us beyond the 100% reimbursement amount (we knew we would cross this threshold before the end of the year 2019). In the Power Sales Contract that Logan City has entered into with UAMPS for the CFPP, in Section 204 Participant Withdrawal there are several reasons why a participant may withdraw from the project. One of them is:

Section 204(a)(ii) its receipt of notice from UAMPS pursuant to Section 601(f) that the Project Management Committee has approved an amendment to the Budget and Plan of Finance that increases the maximum amount of Development Costs that may be incurred for the then-current phase of the Licensing Period;

This occurred at the November UAMPS Board of Directors meeting mentioned above.

With this additional $3M, considering the above-mentioned matching and percentage of Logan’s entitlement share of this project, this represents just under $32,000 additional money. A budget amendment for the Power Department is not needed at this time. This is simply to notify the City Council and Mayor of the Budget Amendment and its impact on Logan City’s costs associated with this Budget Amendment.