

**MINUTES  
CITY OF FALLON  
55 West Williams Ave  
Fallon, Nevada  
November 13, 2024**

The Honorable City Council met in a special meeting on the above date in the Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

**Present:**

Mayor Pro Tem Kelly Frost  
Councilwoman Karla Kent  
Councilman Paul Harmon  
Chief of Staff Bob Erickson  
City Attorney Mike Mackedon  
Deputy City Attorney Trent deBraga  
Deputy City Attorney Sean Rowe  
Chief Ron Wenger  
Captain Daniel Babiarz  
City Clerk Treasurer Michael O'Neill  
Public Works Director Brian Byrd  
Deputy Public Works Adrian Noriega  
Deputy Public Works Glen Radtke  
Deputy Public Works Marco Guerrero  
City Engineer Derek Zimney

Mayor Pro Tem Frost stated that the meeting would not be held at 9:00 a.m. and would convene at 9:30 a.m. due to the agenda having two different times listed.

The meeting was called to order by Mayor Pro Tem Frost at 9:30 a.m.

Mayor Pro Tem Frost led the Pledge of Allegiance.

Mayor Pro Tem Frost inquired if the agenda had been posted in compliance with NRS requirements.

City Clerk Treasurer Michael O'Neill advised that the agenda was posted in compliance with the NRS requirements.

Mayor Pro Tem Frost stated that Mayor Tedford was unable to attend the meeting.

**Public Comments**

Mayor Pro Tem Frost inquired if there were any public comments. She noted that comments are to be general in nature, not relative to any agenda items. No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken.

No comments were noted.

**Consideration and possible adoption of a Resolution authorizing and approving the Power County Power Project Power Sales Contract with the Utah Associated Municipal Power Systems and the City of Fallon.**

Deputy City Attorney Sean Rowe stated the City of Fallon, as a member of and jointly along with the Utah Associated Municipal Power Systems (UAMPS), proposes to acquire and construct a combined cycle natural gas-fired electric generating facility known as the “Power County Power Project” (the “Project”) to be located at a site in Power County, Idaho, and to sell the capacity and output of the Project pursuant to the Power County Power Project Power Sales Contracts. Although we are still in a “study” phase of the development, UAMPS needs sufficient commitments to be able to move forward with more in-depth transmission study, site selection and preparation, and procurement of long-lead materials. If the project is successful, the City will be entitled to 6.10 MW of the planned-for 360 MW base load derived from the Project. By approving the resolution, the Council authorizes the Mayor and the City Clerk Treasurer to execute the documents necessary to confirm the City’s Electric Utility Department to continue to provide stable and dependable public power to the citizens of Fallon.

Mayor Pro Tem Frost inquired if there were any questions from the Council or public.

Councilwoman Kent inquired on when these would be available online.

Deputy City Attorney Sean Rowe stated the Peaking Plant, which is the easier project to execute, the planned online date for that would be in 2029. The Combined Cycle Plant will be 2031, as it is a larger production facility.

Councilman Harmon inquired on the peak wattage. We are looking at \$112 in 2029, for today’s dollar. What did we pay this year for a peak MW hour?

Deputy City Attorney Sean Rowe stated that, at this point, what the City pays is dependent upon all our different power purchase agreements. Currently, we pay between \$40-\$150 MW an hour, just depending on the time and the source. That is kind of the volatility I am speaking on, when I say, this gives us predictability within a more-defined realm of what the cost of the electricity will be. We have 5-year power purchase agreements, annual power purchase agreements, and we continue to go out on the spot-market, as needed, to continue to meet our load needs. This allows us to step back from relying so much on those variety sources of power purchase agreements. We get more from a single source, that is then predictable.

Councilman Harmon wanted to confirm with Deputy City Attorney Sean Rowe that this would not be costing the City anything today. What we are doing is making sure, in 5 or 7 years, the City, and our residents, have access to power, not knowing what the market is going to be, but at a favorable price now, compared to what it could be, if we were not locked into these agreements. Is that a fair statement?

Deputy City Attorney Sean Rowe stated that was a fair statement.

Councilwoman Kent inquired on \$112 and \$69. Is that going to be the price in 2029 and 2031.

Deputy City Attorney Sean Rowe stated that the price would go up only due to inflation, not further costs or spikes. This is an average. We will still be subject to natural gas prices because we will be getting natural gas for each of those sites. In the future, hydrogen, if that becomes available, in the size and scale necessary to fund these plants. Both of them transition to hydrogen, if that becomes a viable source for combustion, in the future.

Mayor Pro Tem Frost stated she would like to reiterate that there is no fiscal responsibility to the City, until these power systems are online.

Deputy City Attorney Sean Rowe stated that was correct. The way these power purchase agreements are structured, once we form these project management committees, UAMPS will be financing the construction of the design work and the transmission studies. This will all be paid upon generation. We will pay our share through the hourly purchase of power.

Mayor Pro Tem Frost inquired if both of these power systems were tried and true methods and used throughout the Country.

Deputy City Attorney Sean Rowe stated that is true. The City's participated in several of these projects. This is a more considered, and well-known source. UAMPS has run a combined cycle gas facility, like the one we are proposing to build. This will be newer technology, but UAMPS has run that project for the last 25 years. It is very well-known and well-understood technology required to generate this. That is part of the reason why UAMPS is going with the route of natural gas production facility because it is a well-understood technology. It is probably one of the fastest ways for a project, such as this, to the scale that this is online and in production.

Mayor Pro Tem Frost stated that she knows UAMPS has been a reliable source for information and protecting the interest of all the municipalities that are members of that as well.

Councilwoman Kent inquired if these resolutions were adopted, today. If these projects failed, or went under, we are signing that we agree that there is a fiscal responsibility to the costs that they have put out so far?

Deputy City Attorney Sean Rowe stated that was correct. We will have a prorated share, based upon our entitlement that we agree to participate in each of these projects. If the projects are unable to meet their subscription. If they are unable to get 85% of the production subscribed to. We would know that by the end of the month because of the nature of the agreements. We will either be subscribed out, or we won't. If we are not subscribed out, by the end of the month, then our study costs would be relatively limited. The other contingency, if you will, is that we meet those LCOE's, the predicted cost of producing the power. That we won't know until a little later. If we are unable to produce power at a cost that is reasonable for each of the members, the members from the PMC could cancel the project, by vote. Our vote is based upon our entitlement share. We are one of the larger entitlement shares for the project management, so we do have a sizable vote in that. What we really need to do is ensure that we have a stable source of power. It is predicted that we will meet that LCOE, and if it is marginally more, we could potentially continue to move forward with the project, but we will have to come back for confirmation of our intent to do that.

Mayor Pro Tem Frost stated that because of the volatility of the energy market, it is important that we get involved in these projects now, rather than waiting down the road when we don't know what is going to happen with the energy costs.

Deputy City Attorney Sean Rowe stated that part of the reason that this is being driven the way it is, is because of the volatility within the market, within the transmission department specifically. We have to do a lot of front-loading of these projects in order to move forward with the transmission studies. The nature of the electrical transmission industry is radically different than it was, even 5 years ago. They require more of a significant showing of an intent to produce before we can even move forward to studying the viability of these projects. This is about starting the process now, so we can ensure the stable force, as quickly as we can. Otherwise, it gets drawn out significantly on how much time it would take to bring this to viability.

City Attorney Michael Mackedon inquired on historically, the cost to the City has been for peaking power, at any given moment.

Deputy City Attorney Sean Rowe stated that two years ago, in August and September, when we had the unusually hot months, we had to go out on the spot market. We risked significant exposure from that. I want to say the number was in excess of \$500-\$600 MW an hour. It was multiple times higher than what we typically had to face. This was because we don't have peaking power within our portfolio. The peaking power facilities are interesting technology and allow us to rapidly ramp up production of electricity. The peaking plant is going to be composed of 10-12 of these individual generators that can be turned off, that can be in an off-state/cold-state, to produce power in about 2-4 minutes. They allow us the ability to match our contoured needs throughout the day and have that dependable source to offset the variability in our carbon-free sources, like the wind, solar, and hydro that we have. Each of those has its own variability based upon the nature of the production. This allows us to match that and smooth off those curves.

Mayor Pro Tem Frost inquired if there were any further questions or comments from the Council or public.

No further comments noted.

Councilman Harmon motioned to adopt a Resolution authorizing and approving the Power County Power Project Power Sales Contract with the Utah Associated Municipal Power Systems and the City of Fallon; seconded by Councilwoman Kent and approved with a 3-0 vote by the Council.

### **Consideration and possible adoption of a Resolution authorizing and approving the Millard County Power Sales Contract with the Utah Associated Municipal Power Systems and the City of Fallon.**

Deputy City Attorney Sean Rowe stated the City of Fallon, as a member of and jointly along with the Utah Associated Municipal Power Systems (UAMPS), proposes to acquire and construct a natural gas-fired peaking facility known as the "Millard County Power Project" (the "Project") to be located at a site in Millard County, Utah, and to sell the capacity and output of the Project pursuant to the Millard County Power Project Power Sales Contracts. Although we are still in a "study" phase of the development, UAMPS needs sufficient commitments to be able to move forward with more in-depth transmission study, site selection and preparation, and procurement of long-lead materials. If the project is successful, the City will be entitled to 6.10 MW of the planned-for 360 MW base load derived from the Project. By approving the resolution, the Council authorizes the Mayor and the City Clerk Treasurer to execute the documents necessary to confirm the City's Electric Utility Department to continue to provide stable and dependable public power to the citizens of Fallon. I believe the discussion on the previous agenda item covered this agenda item.

Mayor Pro Tem Frost inquired if there were any further questions from the Council or public.

No further comments were noted.

Councilwoman Kent motioned to adopt a Resolution authorizing and approving the Millard County Power Sales Contract with the Utah Associated Municipal Power Systems and the City of Fallon; seconded by Councilman Harmon and approved with a 3-0 vote by the Council.

### **Public Comments**

Mayor Pro Tem Frost inquired if there were any public comments.

No comments were noted.

**Council and Staff Reports**

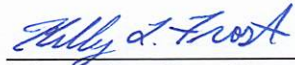
Mayor Pro Tem Frost inquired if there were any Council or staff reports.  
No reports were noted.

**Executive Session**

Mayor Pro Tem Frost tabled the executive session, as it was not needed at this time.

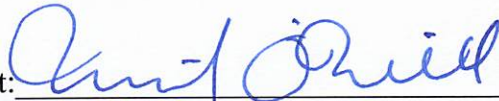
**Adjournment**

There being no further business to come before the Council, Mayor Pro Tem Frost adjourned the meeting at 9:48 a.m.



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Mayor Pro Tem Frost

Attest:



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Michael O'Neill, City Clerk-Treasurer