

TO: Mayor and City Council Members

FROM: Doug Hunter, Chief Executive Officer

DATE: August 25, 2020

RE: Utah Taxpayers Association (UTA) Letter

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On or about August 20, 2020 the Utah Taxpayers Association (UTA) sent a letter to you stating:

1. UTA's opposition to the Carbon Free Power Project (CFPP).
2. Cities should withdraw from the CFPP by September 14<sup>th</sup>.
3. The CFPP "has only about 30% of the subscriptions it needs to go forward".
4. A public vote is needed to withdraw from the CFPP.
5. Alternatives to CFPP are "coal, natural gas, solar and wind".
6. "Nuclear power is just not cost competitive".
7. "Cities ... have sunk .... \$9 million ... into" the CFPP.
8. UAMPS is paying for the reactor design at a cost of \$19.9 million.
9. Bountiful's share "would be an additional \$654,271" and Murray's share "would obligate them to \$1,341,273".
10. The phase following this will cost \$658,412,474.
11. The construction phase is "over \$4.7 billion".
12. NRC has not approved the project.
13. The project "relies heavily on annual appropriations from the federal government".
14. The costs will be borne by both ratepayers and taxpayers.

In general, the UTA uses innuendo, misstatements and falsehoods to try and scare you out of the CFPP.

One should question why UTA is opposed to a power project that will provide capacity and energy for you that has no connection to taxing authority or tax revenues. Is it possible that the UTA is just another, "antinuke" organization? You should know that UTA has retained a public relation firm as well as hired a known antinuclear hack. Both the public relations firm and the consultant are not inexpensive. Is the UTA paying for these groups out of its own dollars or has UTA hired itself out to antinuke groups like HEAL Utah as a paid mercenary? You should insist that UTA become transparent on their funding and reasons for their opposition.

As you know, UAMPS has been collaborative, educational and transparent in all of its actions on the CFPP. First of all, UAMPS spent over a year with the Cities to develop a Power Sales Contract that allows the Cities to understand each phase of the CFPP before moving to the next phase. Each City will have, beside this one, two more scheduled off-ramps. In addition, each City has the right to withdraw from the CFPP at any time. It should be noted the Project Management Committee, which is comprised of every City in the CFPP, can close the CFPP down at any time.

The CFPP currently has subscription of 29% of the gross output of 720 MW. It is obvious that UAMPS will not be able to complete the CFPP if we do not have substantially more subscription. A number of utilities are considering participating in the project. But at this time, UAMPS is not spending any more money than its 29% level. The Department of Energy is currently paying 50% of the CFPP and NuScale is paying 25%, leaving UAMPS with 25%.

UTA falsely states that the Cities have sunk \$9,000,000 in this project when in fact UAMPS has only invested \$4,000,000. The other \$5,000,000 has come from the Department of Energy and NuScale.

UTA falsely states that UAMPS will spend \$19,900,000 to get Nuclear Regulatory Commission approval of the design. UAMPS has spent nothing to get the NRC approval, NuScale has carried the cost of NRC design approval. NuScale anticipates that the NRC will announce its approval of the design later this year.

UTA does not understand the business of supplying electricity to a City. Both Bountiful and Murray have power departments with annual budgets in the \$40,000,000 range. UTA seems to want Bountiful and Murray to abandon a project that represents 1.56% and 3.35% of their current budgets.

UTA uses the projected costs of the CFPP as a weapon. In reality the CFPP projected costs are equivalent to any other power project that the Cities would invest in. The Intermountain Power Project cost approximately \$11 billion back in the 1980s.

It is true that the NRC has not approved UAMPS to build the CFPP. The reason? UAMPS hasn't asked the NRC to approve the CFPP. This is not anticipated until the Spring of 2023. The cost to make this application to the NRC is estimated at \$130,000,000. The DOE will provide \$110,000,000 of this amount, leaving UAMPS with \$19,900,000. At that point, if the project is still on track to meet its price target of \$55 per megawatt-hour (5.5 cents per kilowatt-hour), it is anticipated that all the Cities would stay in the project for the next phase. But if the price target is estimated to be greater than \$55 per megawatt-hour, UAMPS can shut down the project and be reimbursed by NuScale in the amount of \$15.9 million, leaving \$4,000,000.

The federal government "subsidy" is actually an award, over 9 years from the Department of Energy of \$1.4 billion. It is subject to annual appropriations, but this is a line item that has been historically fully funded. In the case where there might be a shortfall of Department of Energy funds this could cause an exceedance of the price target and thus provide UAMPS with an off-ramp and 80% reimbursement by NuScale.

Please contact me if you have any questions at 801-580-3086 or [doug@uamps.com](mailto:doug@uamps.com).