

BONIN GENERATION REDEVELOPMENT

Jeffrey Stewart
LUS Director

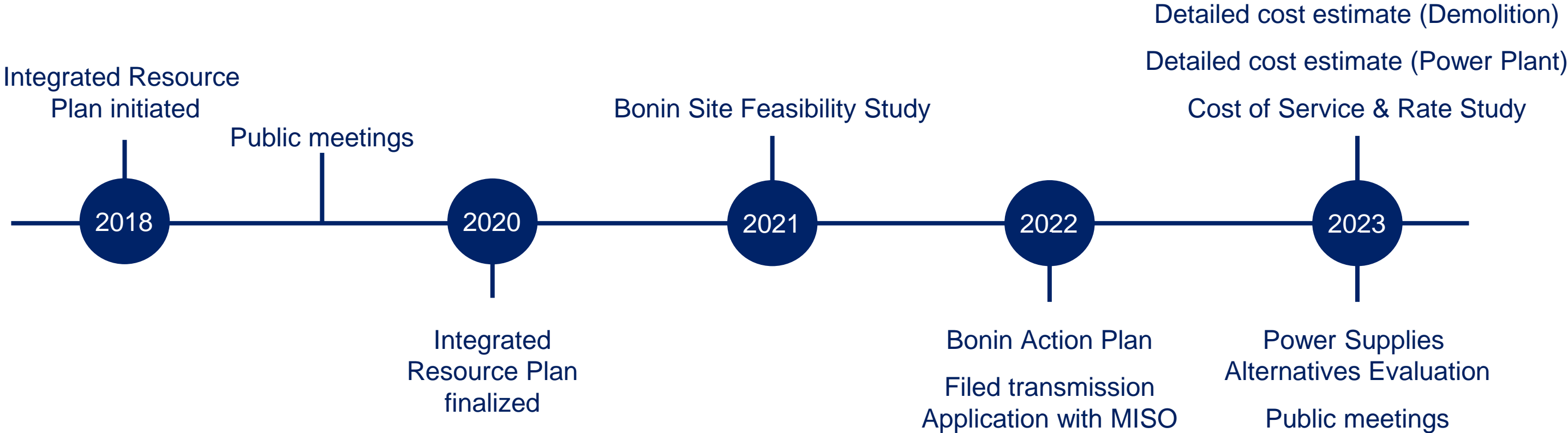


LAFAYETTE UTILITIES SYSTEM

BACKGROUND

How did we get here?

We have done our due diligence...



Evaluations have concluded redevelopment of Bonin is the best option.

LUS POWER SUPPLY PATH FORWARD

1. Working with co-owners to retire RPS2 in 2027 timeframe
2. Currently negotiating solar power purchase agreement
 - a. Second round of RFP in 2023 for 300MW
3. Redevelop the Bonin facility with a new, natural gas-fired power plant
 - a. What is the Bonin SCGT redevelopment project?
 - i. Existing boilers would be demolished and new power plant rebuilt
 - ii. The new simple cycle power plant using natural gas for fuel
 - iii. The site would include a new administrative building, warehouse, and maintenance shop
 - iv. ~220 to 240 MW (for reference, RPS2 is ~250MW)
 - v. Starts operating in Spring 2028 (estimated)

WHY IS THIS THE BEST PROJECT FOR LAFAYETTE?

Reliability

- Provides reliable capacity to LUS and its customers
- Provides a backup source of electricity when renewables are not able to produce (i.e. allows the overall electric system to incorporate more renewables over time)
- Local power plant supporting the community

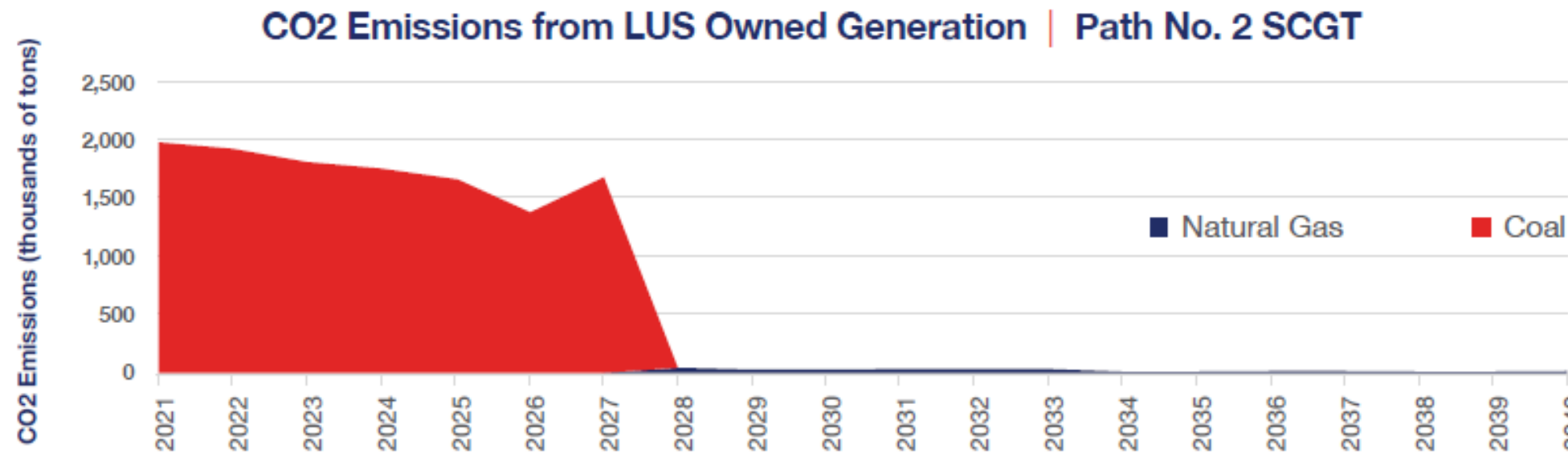
Cost-effective

- Lowest cost option available to LUS and its customers

WHY IS THIS THE BEST PROJECT FOR LAFAYETTE?

Environmentally friendly

- Reduces CO2 generated by LUS by transitioning away from coal



EXISTING SITE RENDERING



NEW SITE RENDERING



HEBERT RD



WILLOW ST



MONARCH DR



TOTAL COSTS

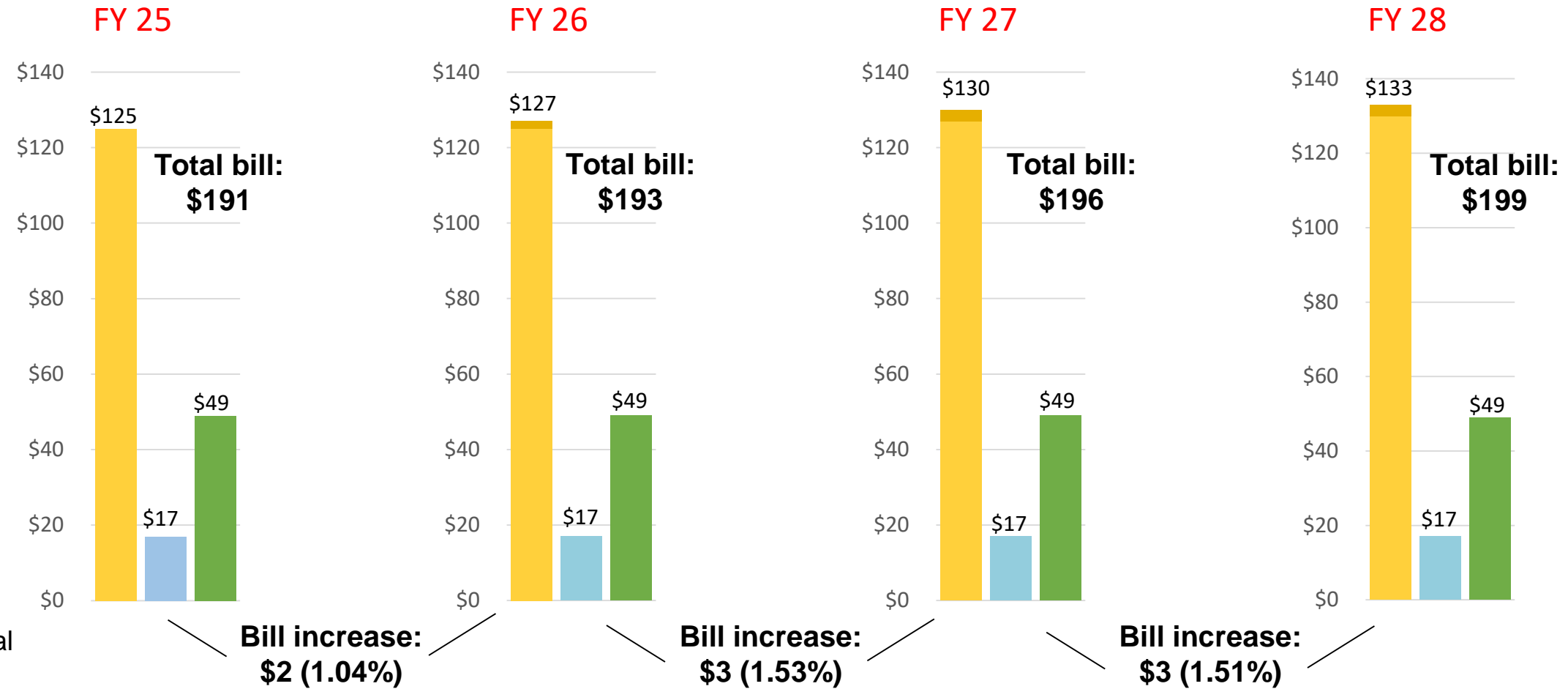
- Recent studies estimated the cost of demolition and new power plant
- MISO interconnection studies will determine costs for transmission (first cost estimate expected in March 2024 from MISO)
- This project is the lowest power supply alternative for LUS and its customers

Category	Cost (\$ Millions)
Demolition	\$ 12
New Power Plant	\$ 300
MISO Transmission Costs	\$ 50
Financing Fees / Interest	\$ 38
Total	\$ 400

- Preliminary Allowance – MISO study results will determine costs
- Includes contingency

IMPACTS TO RATES – BONIN 4

Electric: +3.5% base rate increase per year in FY 26, 27 & 28



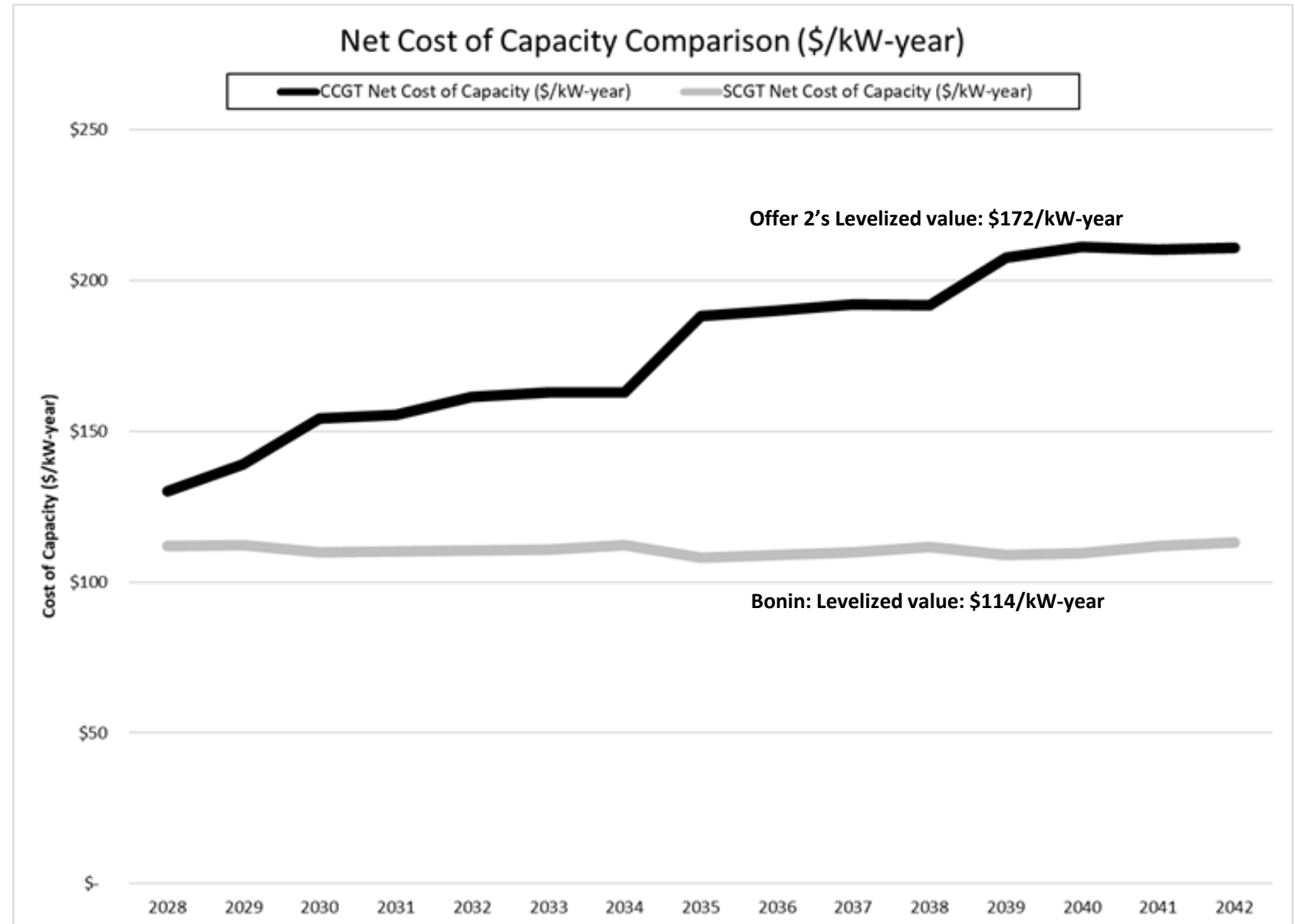
Existing LUS debt matures in 2029, new debt for power plant will likely require a modest rate increase, but utility financial forecast is robust

*Electric fuel charge held constant at \$0.04300 for analysis

POWER SUPPLY ALTERNATIVES EVALUATION

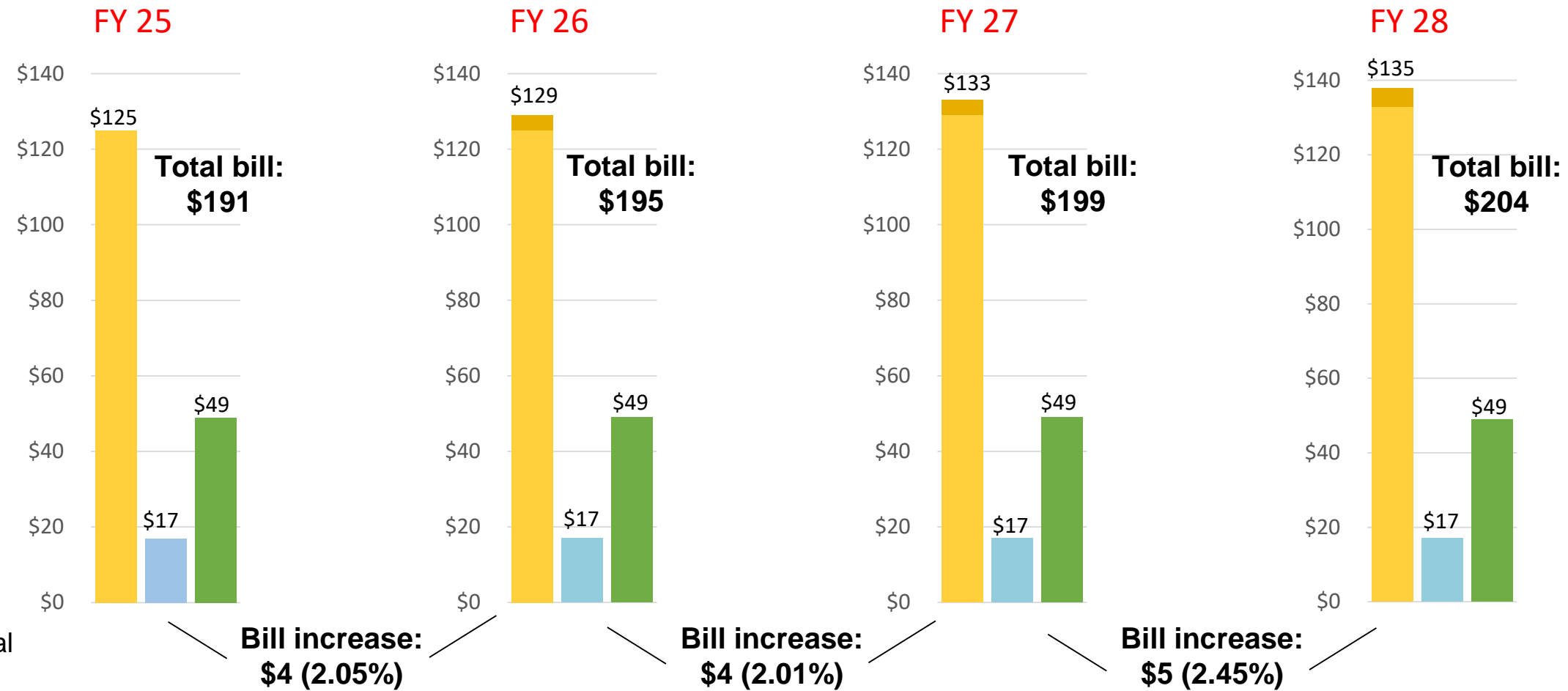
Market alternative's proposal was significantly higher in cost compared to Bonin redevelopment

- 62% more than Bonin 4 option
- Approximately \$172M increase (NPV)



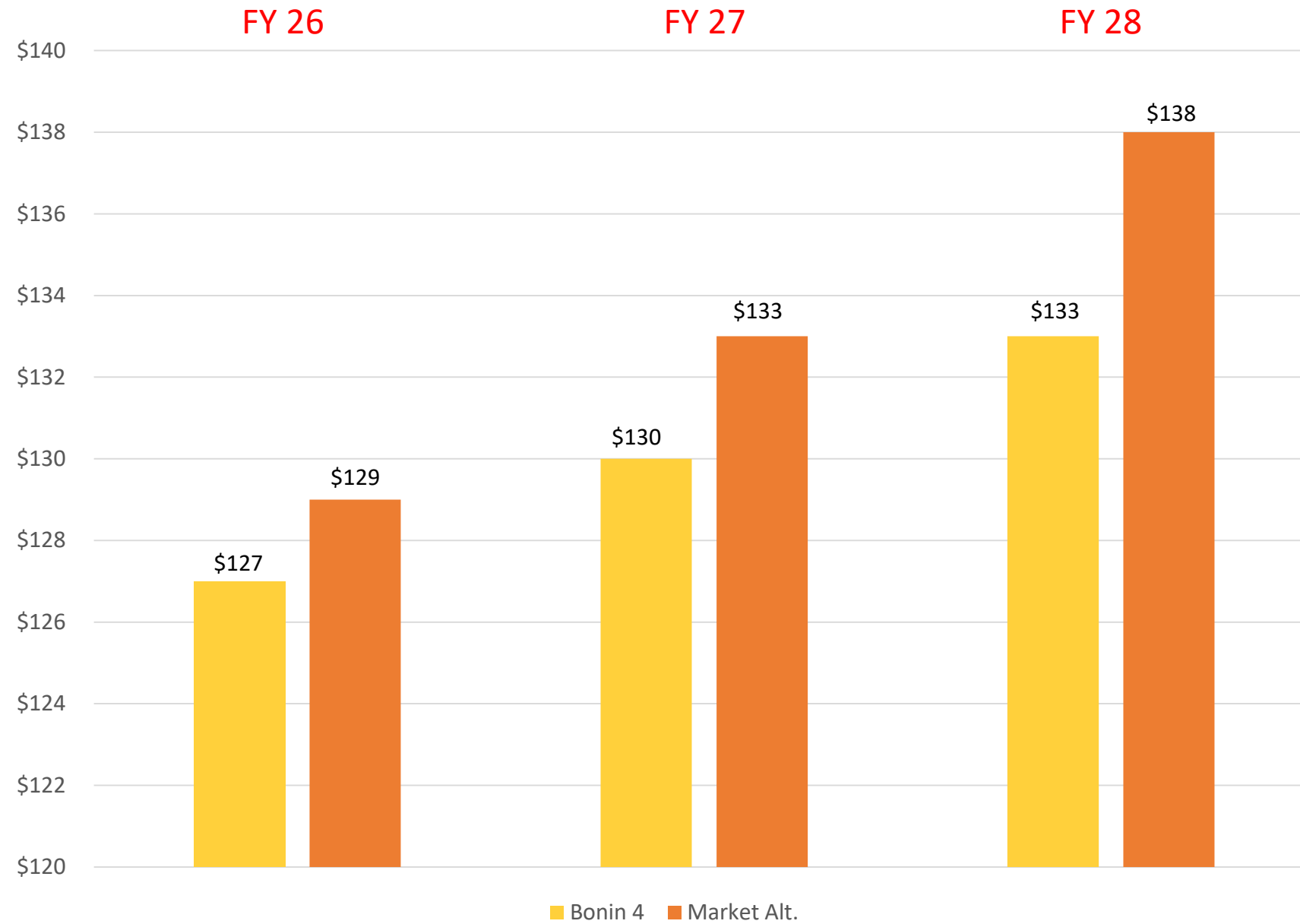
IMPACTS TO RATES – MARKET ALT.

Electric: Equivalent +5.67% base rate increase per year in FY 26, 27 & 28



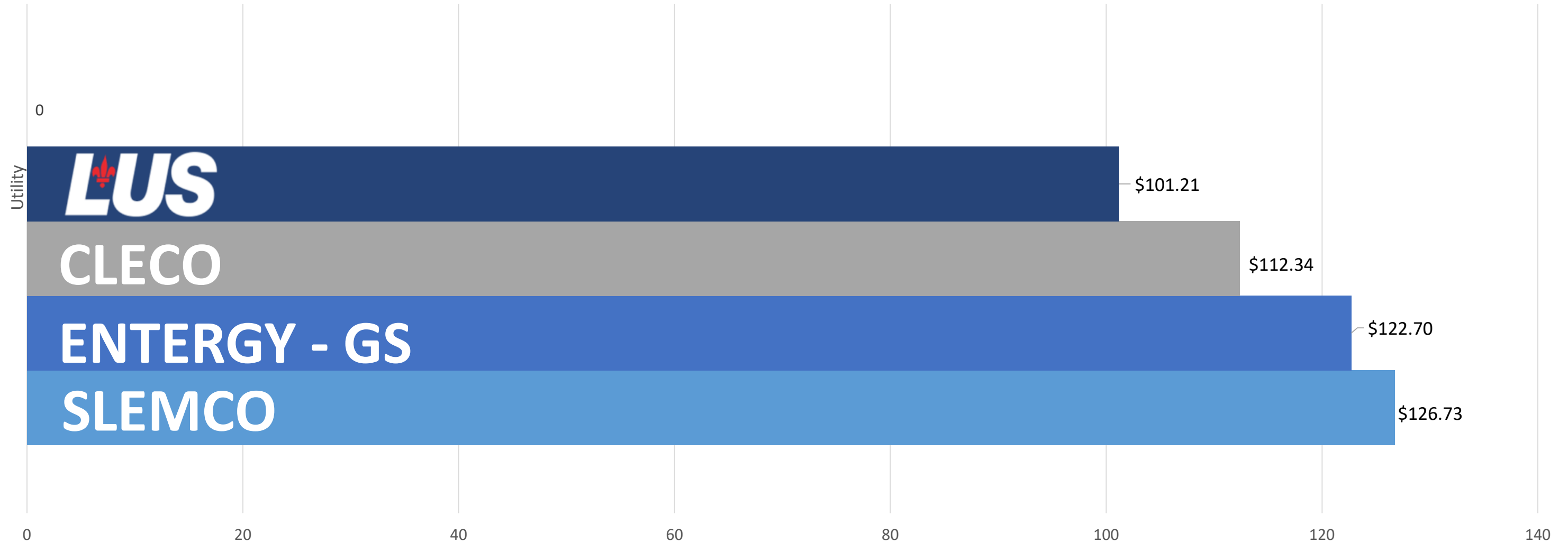
*Electric fuel charge held constant at \$0.04300 for analysis

ELECTRIC BILL COMPARISON



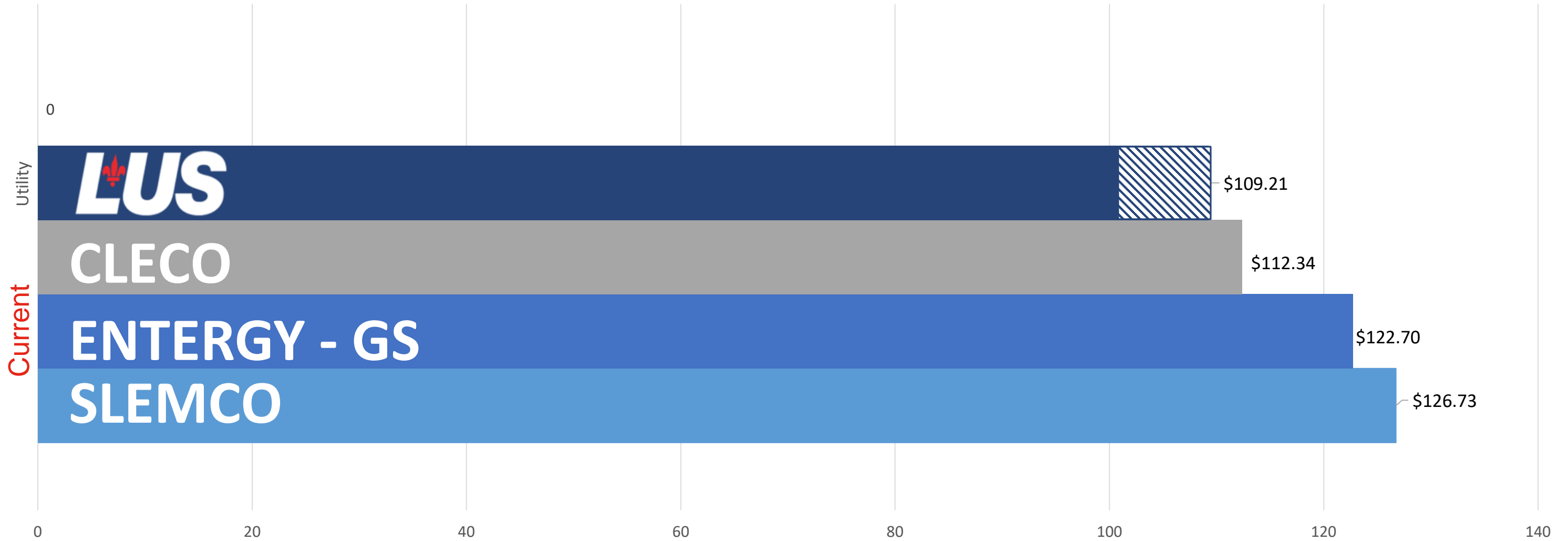
COMPETITIVE ELECTRIC RATES

Based on 1,000 kWh (February 2024)



COMPETITIVE ELECTRIC RATES

Based on 1,000 kWh (with rate increases)



PROJECT TASKS COMPLETED

- Interconnection Study initiation (September 2022)
 - Initial fee of \$1.3M
- MISO Milestone M3 Payment of \$5M (March 2024)
 - City Council – Ordinance CO-089-2023 (July 11, 2023)
- Public Meetings
 - July 24, 2023 – Main Library
 - July 26, 2023 – South Regional Library
- Professional Engineering Agreement for demolition of existing plant and construction of Bonin 4
 - December 2023
- Final version of electric Cost of Service study

UPCOMING TASKS

FY2024

- MISO Milestone M4 Payment (July 2024) ~\$5M
- Additional MISO payments TBD
- Demolition of existing site ~\$12M
- Equipment down payments ~\$10M
- Other misc. development costs ~\$2 to 4M

NEAR-TERM ACTIONS

For City of Lafayette and LUS Teams

- Engage City Council members (January/February)
- Request introductory action from City Council (February)
 - Electric base rate increase
 - Project CIP budget amendment
 - Permission to go to State Bond Commission
- Public Meetings (February)
- Preliminary engineering and procurement for long-lead items (large transformer) (February)
- Request final approval from City Council (March)
- Decision/impact of MISO transmission results (March)
- State Bond Commission (April)
- Develop financing strategy with financial advisor (April)
- Bond issue (July)

SUPPLEMENTAL TECHNICAL INFORMATION



BONIN REDEVELOPMENT MILESTONE SCHEDULE

Phase	2022				2023				2024				2025				2026				2027				2028			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Action Plan			★																									
Generation Interconnection							★	★		★																		
Project Definition / Air Permit						★					★																	
Major Equipment Procurement									★																			
Demolition																												
SCGT Execution																												

- ★ - Go/No-go Decision Point No. 1 – Submit Generation Interconnection Application
- ★ - Go/No-go Decision Point No. 2 – Network / Transmission Line Upgrades (numerous sub-points)
- ★ - Go/No-go Decision Point No. 3 – Total Project Capital Cost
- ★ - Go/No-go Decision Point No. 4 – Major Equipment Ordered (GSU)
- ★ - Go/No-go Decision Point No. 5 – Air Permit Received

Note: Decision points are approximate – Subject to change

PROJECT ESTIMATED COST - DEMOLITION

- Decommissioning & Demolition Estimate Net Cost - \$12,000,000

ITEM	DESCRIPTION	Cost
1	General Conditions	\$ 839,000
2	Environmental	\$ 2,780,000
3	Demolition	\$ 4,550,000
4	Site Work	\$ 858,000
TOTAL DIRECT COSTS		\$ 9,027,000
5	Indirect Costs (Bonds)	\$ 1,314,000
5	Contingency (30% of Direct & Indirect Costs)	\$ 2,708,000
TOTAL INDIRECT COSTS		\$ 4,022,000
TOTAL DIRECT AND INDIRECT COSTS		\$ 13,049,000
6	Scrap & Equipment Sales	\$ (2,193,000)
TOTAL NET COSTS (2023)		\$ 10,856,000
7	Inflation [through Mid-Point of Demolition (4% per year)]	\$ 886,000
TOTAL NET COSTS PLUS INFLATION		\$ 11,742,000

INITIAL PROJECT ESTIMATED COST - CONSTRUCTION

- Engineering, procurement, and construction estimate - \$255 million, includes:
 - Direct construction costs
 - Indirect costs
 - Contingencies
 - Inflation costs

Area / Discipline	Total Cost
Engineered Equipment	\$85,631,796
Civil, Structural & Architectural	\$26,171,340
Mechanical	\$4,636,885
Electrical & I&C	\$16,469,282
Specialty	\$1,384,788
Total Direct Cost	\$134,294,091
Engineering, CM, Start-up, Commercial	\$53,037,799
Sales Tax	\$1,808,928
Inflation	\$24,463,502
Contingency / Fee	\$21,360,432
Total Indirect Cost	\$100,670,661
Total Project Cost	\$234,964,752
Owner Cost - General including Owner Contingency	\$19,893,431
Total Project Cost Incl. Owner Cost	\$254,858,183

TOTAL CAPITAL COSTS

Category	Cost (\$ Millions)
Demolition	\$ 12
New Power Plant	\$ 300
MISO Transmission Costs*	\$ 50
Financing Fees / Interest	\$ 38
Total	\$ 400

- Preliminary Allowance – MISO study results will determine costs
- Includes contingency

According to the Economic Development Group, a project of this magnitude is anticipated to generate approximately 1,500 direct and 350 indirect jobs, with wages that would be close to \$100M (direct) and \$20M (indirect).

THANK YOU

