

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING November 7, 2023

South Utah Valley Electric Service District (SESD) held its regular Board Meeting on Tuesday, November 7, 2023 – at 11:00 a.m. at the SESD office 803 N 500 E – Payson, UT.

Trustees Present: Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon (via Zoom), Ray Loveless, Kenny Seng, and Brent Winder.

Trustees Absent:

Also Present: Dan Ellsworth, Brook Christensen, and Mark Holdaway – SESD

Ray Loveless welcomed everyone and called the meeting to order at 11:01 a.m.
Kenny Seng offered a prayer and Mark Holdaway led the group in *The Pledge of Allegiance*.

PUBLIC FORUM

None

APPROVE BOARD MEETING MINUTES

MOTION to approve the October 10, 2023 Board Meeting minutes.

Kenny Seng made a motion seconded by Nelson Abbott to approve the October 10, 2023, Board Meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

FINANCE COMMITTEE

Ray Loveless welcomed Jon Haderlie of Larson & Company to the Board meeting and invited him to report on SESD's FY 2023 Annual Audit. Jon briefly explained how an audit is conducted, including determining risks to accurate financial information and testing for those risks; reviewing estimates; assuring auditor independence from District operations; and testing for District compliance to state law. Jon then discussed the Statement of Cash Flows and its importance in determining an entity's financial health. He pointed out that SESD's Statement of Cash Flows shows the District is in good financial standing and encouraged the Board to regularly review the Statement of Cash Flows throughout the year. Jon notified everyone that due to regulatory changes, future audits will test for entity going concern and the posting of meeting recordings. In the end, Jon reported that there were no findings in the FY 2023 audit. Jon thanked the Board for its responsible oversight of the District and thanked the staff for being so well prepared for the audit.

Ray thanked Jon for the FY 2023 Audit Report and turned the time over to Kenny Seng for the October 2023 financial report. Kenny reported that the District's finances were in order and there was nothing out of the ordinary. Mark Holdaway reviewed some new expenses that had been processed after the Finance Committee met the week before. The Board discussed the annual U.S. Forest Service Land Use Fee and assured that the power accounts being served on Forest Service land were paying their share of the fee. Brent Gordon pointed out the large inventory purchases being made for some new subdivisions and line relocations. He said the Finance Committee reviewed the bids for the inventory purchases and confirmed developer payment for the projects.

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MOTION to approve the October 2023 Disbursements & Expenses.

Kenny Seng made a motion seconded by Richard Behling to approve the October 2023 disbursements & expenses. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Ray Loveless asked Kenny Seng to review the October 2023 Financial Report. Kenny pointed out that meter reading labor was down by more than 50% from the previous financial year. He explained the savings were due to the expanded use of radio-read demand meters and their decreasing the time needed to read meters. Kenny said, overall, the District is in good financial health.

MOTION to accept the October 2023 Financial Report.

Richard Behling made a motion seconded by Brent Winder to accept the October 2023 Financial Report. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

RESOURCE COMMITTEE

September 2023 Operations Report

Ray Loveless asked Joel Brown to review the September 2023 Operations Report. Joel said power costs are remaining relatively stable right now without the drastic price jumps that were seen the previous year. Richard Behling asked how current power pricing is affecting the power cost adjustment. Mark Holdaway reported that the Finance Committee does not want to implement a negative power cost adjustment. Instead, they want to remove the power cost adjustment when power prices are down and then applying a lower power cost adjustment when power prices increase. Mark said the Finance Committee is hoping this policy will help prevent extreme power cost adjustment spikes for customers in the future.

MOTION to accept the September 2023 Operations Report.

Joel Brown made a motion seconded by Nelson Abbott to accept the September 2023 Operations Report. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Revised Net Metering Policy

Joel Brown reported that all the committees had reviewed the proposed revisions to SESD's Net Metering Policy increasing the amount of installed solar capacity from 10 kW up to 25 kW. Ray Loveless pointed out that Brook Christensen was still waiting for the results of a circuit study being conducted by Intermountain Consumer Professional Engineers (ICPE). Ray mentioned that even though he had hoped the study would have been completed by now, the staff assured him that the circuits should be able to handle the increased solar capacity at this time. Nelson Abbott stated that many of the people he knows want to feed battery storage with the increased solar capacity, therefore minimizing impact to the grid. Richard Behling encouraged the staff to continue working towards AMI metering implementation so the District and its customers can reap the benefits AMI metering brings to distributed generation.

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MOTION to approve Revised Net Metering Policy.

Joel Brown made a motion seconded by Brent Winder to approve the Revised Net Metering Policy. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Brent Winder asked the staff to make sure SESD's customers are notified of the policy change.

EXECUTIVE COMMITTEE

None.

UAMPS REPORT

Ray Loveless reported that the Steel Solar Projects are scheduled to be online within the next six months. Ray then said that UAMPS has been diligently trying to increase subscription in the Carbon Free Power Project (CFPP), but with little success. He also said there are concerns about the CFPP meeting the Levelized Cost of Energy (LCE) target. Ray mentioned that opponents of the CFPP have been very successful in discouraging support for the project. Richard Behling stated some people, even some UAMPS members, support the PacifiCorp nuclear project in Wyoming but not the CFPP. He said he is concerned that these people do not understand that the PacifiCorp nuclear project will only provide electricity to Rocky Mountain Power customers. Richard expressed concern about future power supply if the CFPP is terminated.

CREDA REPORT

CREDA Representative and Alternate

Ray Loveless stated that in the October 2023 Board Meeting the Board appointed Richard Behling to be SESD's CREDA representative and Dan Ellsworth as an alternate. Since the appointments weren't on the October 2023 Board Meeting agenda, Ray said they now needed to be ratified.

MOTION to ratify CREDA Representative and Alternate.

Nelson Abbott made a motion seconded by Kenny Seng to ratify the appointments of Richard Behling as SESD's CREDA representative and Dan Ellsworth as alternate. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

CREDA Annual Meeting Report

Ray asked for a report from Dan Ellsworth on the CREDA Annual Meeting. Dan reported that CREDA received a \$85 million loan through the Inflation Reduction Act for various projects and another \$7 million to purchase additional power supply. Dan said CREDA and WAPA are working to coordinate power purchases to avoid driving up costs through unnecessary competition. Dan then stated that although last winter was phenomenal with 165% of snowpack above Lake Powell, Glen Canyon Dam operators are carefully trying to balance power production and reservoir levels with the water releases required under

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federal contract. Dan continued his report by saying that small-mouth bass have invaded the Colorado River below Glen Canyon Dam and are damaging the ecosystem; biologists are exploring different measures to try to control the small-mouth bass population. Finally, Dan reported that some environmental groups are litigating the 1956 Colorado River Storage Act so they can dismantle the Glen Canyon Dam. Dan said that even though the court battles have been costly, Leslie James has managed to lower other costs and keep overall CREDA expenses within budget.

SUVPS REPORT

Brook Christensen said no outages were reported on the SUVPS transmission system during the month of October. He also said SESD's line crew relocated an SUVPS guy wire near the mouth of Spanish Fork Canyon for some land development. Brook then mentioned that the following items were discussed in either the SUVPS Board Meeting or Technical Committee Meeting: approval to begin engineering the relocation of SUVPS lines for the new 1600 N. freeway interchange; Craig Michealis working with UAMPS and UMPA to apply for federal funding for SUVPS upgrades; negotiating a land purchase from Rocky Mountain Power for a new substation; transferring Dry Creek Substation operations over to Rocky Mountain Power for NERC compliance; working with Rocky Mountain Power on a new 345 kV line through south Utah County; ordering poles for a new circuit out of the Nebo Substation; building SUVPS facilities near the Taylor Switch Rack. Brook said there were some questions about title transfer, but no new information is expected until sometime next Spring.

Western United Electric Alliance Agreement

Ray Loveless mentioned that the Board approved an alliance agreement with Western United Electric (WUE) in the October 2023 Board Meeting. He then asked the staff to elaborate on the relationship the agreement creates between WUE and SESD. Mark Holdaway explained SESD now receives better inventory pricing, higher priority with lead times, and patronage. Mark also stated that the alliance agreement will allow WUE to carry some of SESD's inventory stock thus freeing up SESD funds for other needs. Brook Christensen shared an experience where WUE went out of their way to immediately procure a needed item that another vendor failed to deliver. Dan Ellsworth pointed out that SESD's membership with the National Rural Electric Cooperative Association (NRECA) gives SESD the opportunity to enter into an alliance agreement with WUE.

POWER SYSTEM REPORT

Outage Report

Ray Loveless asked Brook Christensen to give the Power System Report. Brook said a few small outages were reported during the month of October caused by animals. He also said SESD responded to a house fire in Elk Ridge to disconnect the power for fire fighters. Nelson Abbott stated that the Elk Ridge Fire Department was concerned at how long it took for SESD's on-call lineman to arrive at the scene to disconnect the power. Nelson contrasted the slow response to the house fire to the quick response provided to a house explosion earlier in the month. Nelson asked the staff to develop an on-call plan that allows SESD's linemen to respond more quickly to critical calls like fires and accidents.

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Dan Ellsworth thanked Nelson for sharing the fire department's concerns. Dan said he and Brook have already talked with the lineman who was on call that night and are working with the line crew to improve response times to critical calls.

Special Thank You to The SESD Board

Ray Loveless presented each trustee with a \$50 gift card. Ray said the Board had gone above and beyond their normal duties over the last few months with extra meetings trying to resolve some of the problems facing the District. Ray explained the gift cards were his way of expressing heartfelt thanks to the Board for their extra time and effort.

LEGAL UPDATE

None.

CLOSED SESSION - UT Code 52-4-205(d)

Ray Loveless stated the Board needed to go into a closed session to discuss certain matters according to UT Code 52-4-205(d).

At 12:25 p.m. Brent Winder made a motion seconded by Nelson Abbott to convene into a closed session to discuss certain matters according to UT Code 52-4-205(d).

Ray Loveless asked Mark Holdaway to conduct a Roll Call Vote:

Nelson Abbott - Y, Richard Behling - Y, Joel Brown - Y, Brent Gordon - Y, Ray Loveless - Y, Kenny Seng - Y, and Brent Winder - Y.

Nelson Abbott made a motion seconded by Richard Behling to reconvene the Regular Board Meeting at 1:16 p.m. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

ADJOURNMENT

Nelson Abbott made a motion to adjourn the meeting.

Ray Loveless adjourned the meeting at 1:17 p.m.

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next board meeting will be held on Tuesday, December 12, 2023 beginning at 11:00 a.m.