

DRAFT

# SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING December 12, 2023

South Utah Valley Electric Service District (SESD) held its regular Board Meeting on Tuesday, December 12, 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), and Brent Winder (via phone).

**Trustees Excused:** Ray Loveless, Kenny Seng

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

Joel Brown welcomed everyone and called the meeting to order at 11:01 a.m. Mark Holdaway offered a prayer and Nelson Abbott led the group in *The Pledge of Allegiance*.

Joel Brown mentioned that Ray Loveless was unable to attend the meeting and asked that he, Joel, conduct.

## PUBLIC FORUM

Cory Thompson, an Elk Ridge City Council member, attended the meeting via Zoom. (Cory was appointed by the Elk Ridge City Council to replace Nelson Abbott on SESD's Board when Nelson Abbott steps down December 31, 2023).

## APPROVE BOARD MEETING MINUTES

**MOTION** to approve the November 7, 2023 Board Meeting minutes.

**Nelson Abbott made a motion seconded by Richard Behling to approve the November 7, 2023 Board Meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

## FINANCE COMMITTEE

Joel Brown asked Mark Holdaway to present the November 2023 Disbursements. Joel Brown briefly explained to Cory Thompson the format of the Disbursement Listing and Cory was invited to ask questions if he had any. Mark Holdaway pointed out some disbursements that had been added since the committee meetings and then explained the transfers made to SESD's PTIF accounts. Joel then invited Dan Ellsworth to explain SESD's account deposit policy. Dan shared that the deposits have significantly reduced the number of uncollectible accounts SESD carries and that they are refundable after one year straight of perfect payment history.

**MOTION** to approve the November 2023 Disbursements & Expenses.

**Richard Behling made a motion seconded by Brent Gordon to approve the November 2023 disbursements & expenses. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

Joel Brown asked Mark Holdaway to share the November 2023 Financial Report. Mark Holdaway described the format of the financial report and explained some of the line items in the report. Brook Christensen discussed some of the contract work SESD performs for Santaquin City and SUVPS. Overall, the November 2023 Financial Report showed that the

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District's revenues and expenses are within budget.

**MOTION** to accept the November 2023 Financial Report.

**Nelson Abbott made a motion seconded by Richard Behling to accept the November 2023 Financial Report. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

**RESOURCE COMMITTEE**

October 2023 Operations Report

Joel Brown invited Mark Holdaway to give the October 2023 Operations Report. Mark explained SESD's power resource mix, the price SESD pays for its power, and some of the factors that can affect power prices. Mark also compared current power prices to power prices from a year ago.

**MOTION** to accept the October 2023 Operations Report.

**Richard Behling made a motion seconded by Brent Gordon to accept the October 2023 Operations Report. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

**EXECUTIVE COMMITTEE**

Joel Brown invited Mark Holdaway to explain the Stifel Underwriter Agreement. Mark stated that SESD's underwriting agreement with Stifel is up for renewal and, if renewed, would allow SESD to work with Stifel for another five years. Mark said that Stifel was able to market SESD's Series 2021 Bond with a very good interest rate under some extremely difficult circumstances and provided excellent service during the tenure of SESD's Series 2002 Bond. Mark felt assured that Stifel is an excellent financial partner and encouraged the Board to renew its agreement with Stifel.

Nelson Abbott reminded the Board that the Series 2021 Bond requires SESD to pay a penalty to the bond purchaser if SESD's customer count falls below a certain level. Considering SESD settled with Spanish Fork City and is almost ready to settle with Payson City, Nelson asked Mark to discuss with Stifel the possibility of waiving the penalty. Mark said he would inquire about penalty removal with Stifel once the Payson Settlement Agreement is signed.

Brent Gordon asked if SESD is still trying to acquire ground for a new substation. Brook Christensen stated that some of the places he considered didn't work out and that he is still looking for an appropriate piece of property.

**MOTION** to approve Stifel Underwriter Agreement.

**Brent Winder made a motion seconded by Richard Behling to approve the Stifel Underwriter Agreement. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

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**UAMPS REPORT**

*Ratify AMI Infrastructure Solicitation of Interest*

Joel Brown invited Mark Holdaway to give the UAMPS Report. Mark said that UAMPS sent out a solicitation to see which of its members would be interested in participating in an Advanced Metering Infrastructure (AMI) study. This study would help participants explore various AMI options so they can find the best system for their needs. Brook Christensen explained that AMI would allow SESD to read meters remotely, to read meters much more often than once a month, to create Time-of-Use (TOU) rates, and to possibly help UAMPS get better power pricing. Brook also said that the State Legislature has indicated in the past that it may require all utilities to operate with AMI.

Nelson Abbott expressed concern about third parties getting access to customer meters, breakers, and appliances through AMI. He encouraged staff to make security a high priority when deciding on an AMI system.

**MOTION** to ratify AMI Infrastructure Solicitation of Interest.

**Richard Behling made a motion seconded by Nelson Abbott to ratify the UAMPS AMI Infrastructure Solicitation of Interest. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

*Approve Fremont Solar & Storage Study Project Solicitation of Interest*

Mark Holdaway presented some information about the Fremont Solar & Storage Project Solicitation of Interest. UAMPS is projecting the price of the solar generation to be \$34/MWh; the battery storage portion will be a monthly fee of \$13.50/kW. Mark said UAMPS is projecting the total cost of power from the whole project to be \$66/MWh; UAMPS is also projecting the storage to produce for about four hours per day. Mark explained that staff had some concerns about the projections for the storage portion of the project since the technology is relatively new and is still being proven.

Brent Gordon and Brent Winder both inquired about SESD's financial liability associated with the Solicitation. Mark said SESD will be responsible for a small portion of the study costs which should be minimal. Mark stated that once UAMPS has received all solicitations and completed the study, a power purchase agreement will be sent out to officially lock-in participation and cost. The Board would then have the opportunity to either continue with the project or pull out.

**MOTION** to approve Fremont Solar & Storage Study Project Solicitation of Interest.

**Nelson Abbott made a motion seconded by Brent Gordon to approve the Fremont Solar & Storage Study Project Solicitation of Interest for 1 MW of power. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

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Approve Resolution Authorizing a Tax Certificate and Agreement for UAMPS Payson Power Project; and Related Matters

Dan Ellsworth explained that UAMPS is joining several other tax-exempt entities to enter into a gas sales and power contract with a private firm. The private firm would benefit from tax incentives and in turn would sell power generation at a discount. UAMPS is projecting a 7% savings in power costs from the Nebo Power Plant (Payson Power Project) for the next five years with 3%-10% savings thereafter for the following 20 years.

**MOTION** to approve Resolution Authorizing a Tax Certificate and Agreement for UAMPS Payson Power Project; and Related Matters.

**Richard Behling made a motion seconded by Nelson Abbott to approve the Resolution Authorizing a Tax Certificate and Agreement for UAMPS Payson Power Project; and Related Matters. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

**CREDA REPORT**

Dan Ellsworth stated that the next CREDA meeting will be held in February 2024 in St. George, Utah.

**SUVPS REPORT**

Brook Christensen reported that SUVPS is still revising its organizational agreements in preparation for future bonding. Brook said that some SUVPS members want to change from the current all-in proportionate cost model to a project-based cost model instead; a meeting is being held on 12/14/2023 to further discuss SUVPS member concerns. Brook assured the Board that all proposed changes to the SUVPS organizational documents will continue to be thoroughly vetted by SESD legal counsel. Brook said no outages were reported on the SUVPS system during November 2023.

**POWER SYSTEM REPORT**

Outage Report

Brook Christensen reported that there were a few small outages caused by animals, someone running into a transformer, and contractors digging up marked power lines.

Payson High School Career Fair

Brook also reported that two of SESD's linemen participated in Payson High School's Career Fair in November. Brook said that very few students attended the lineman presentation, but those who did attend enjoyed learning about line work. Nelson Abbott mentioned that all trades are having difficulty finding qualified individuals to work in them. He suggested that SESD consider offering a scholarship to encourage more people to enter the line worker field. Richard Behling recommended that any scholarship require the recipients to work at SESD for a designated amount of time. Brook said that SESD has a very low turnover rate with its linemen and hasn't had problems in the past filling positions.

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**LEGAL UPDATE**

*Payson Settlement Agreement*

Mark Holdaway reported that Payson and SESD are still finalizing details on the exhibit to the Payson Settlement Agreement. Mark said he made some of the requested exhibit changes and those changes have been submitted to Payson's legal counsel. Mark stated that Ray Loveless wanted him to ask the Board on Ray's behalf if they would permit Ray to sign the Payson Settlement Agreement before the next Board meeting. This permission would be based upon SESD's legal counsel approving the final version of the Payson Settlement Agreement and Exhibit. Nelson Abbott stated that he would really like to see the Agreement finished and signed before the end of the year. The rest of the Board concurred. Permission was granted for Ray to sign the Agreement should it be ready before the January 2024 Board meeting. The Agreement would then be ratified in the January 2024 Board meeting.

*Salem Settlement*

Mark Holdaway reported that SESD proposed some settlement terms to Salem back in November 2023. Salem rejected the terms. Mark said Salem disagrees with SESD's UCA 10-2-421 (421) diminished value costs. Mark said he learned in a phone call with SESD's legal counsel the day before that Salem wants to continue litigating 421 costs and issued a series of discovery requests. Brent Winder recommended that SESD's legal counsel prepare their own discovery requests now that Salem has begun the discovery process. Nelson Abbott said that future legal expense reports should clearly state that SESD's legal costs are the result of Salem's unwillingness to settle.

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

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

**At 12:27 p.m. Nelson Abbott made a motion seconded by Richard Behling to convene into a closed session to discuss certain matters according to UT Code 52-4-205(d).**

**Joel Brown asked Mark Holdaway to conduct a Roll Call Vote:**

**Nelson Abbott - Y, Richard Behling - Y, Joel Brown - Y, Brent Gordon - Y, and Brent Winder - Y.**

**Nelson Abbott made a motion seconded by Richard Behling to reconvene the Regular Board Meeting at 12:58 p.m. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

**MOTION** to work with the Utah Office of Economic Development on the Fiber-to-the-Home Project in West Mountain and Lake Shore.

**Brent Winder made a motion seconded by Brent Gordon to work with the Utah Office of Economic Development on the Fiber-to-the-Home Project in West Mountain and Lake Shore. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, and Brent Winder approved the motion.**

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ADJOURNMENT

**Nelson Abbott made a motion to adjourn the meeting.  
Ray Loveless adjourned the meeting at 1:00 p.m.**

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Ray Loveless, Chairman

\_\_\_\_\_  
Mark Holdaway, Clerk

\_\_\_\_\_  
Date Approved

\_\_\_\_\_  
Date Approved

**Next Meeting Date**

The next board meeting will be held on Tuesday, January 9, 2024 beginning at 11:00 a.m.

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