

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING July 09, 2024

South Utah Valley Electric Service District (SESD) held its regular Board Meeting on Tuesday, June 09, 2024 – at 11:00 a.m. at the SESD office 803 N 500 E – Payson, UT.

Trustees Present: Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng

Trustees Excused: Richard Behling, Cory Thompson, Brent Winder

Also Present: Dan Ellsworth and Mark Holdaway – SESD.

Ray Loveless opened the meeting and excused Cory Thompson, Richard Behling, and Brent Winder. Ray then offered a prayer and Kenny Seng led the group in *The Pledge of Allegiance*.

PUBLIC FORUM

None.

BOARD MEMBER SPOTLIGHT

Ray Loveless stated that Cory Thompson will give his Board Member Spotlight in the August 2024 Board meeting.

APPROVE BOARD MEETING MINUTES

Ray Loveless asked if anyone had any questions about the minutes. Since there were not any, Ray asked for a motion to approve the minutes.

MOTION to approve the June 11, 2024, Board Meeting minutes.

Kenny Seng made a motion seconded by Joel Brown to approve the June 11, 2024, Board Meeting minutes. Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

MOTION to approve the June 27, 2024, Budget Hearing & Board Meeting minutes.

Brent Gordon made a motion seconded by Kenny Seng to approve the June 27, 2024, Budget Hearing & Board Meeting minutes. Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

FINANCE COMMITTEE

Review June 2024 Disbursements and Expenses

Brent Gordon reviewed the June Disbursements and Expenses Report. The Board discussed information technology expenditures and computer purchases, fire-retardant clothing purchases and care, vehicle repairs, power costs, and inventory purchases. The Board also discussed the termination and replacement of a lineman, on-call response procedures, and some legal expenses. While discussing legal expenses Ray Loveless stated that Payson and Salem both signed their respective settlement agreements with SESD. Kenny Seng expressed his appreciation for the way Ray Loveless worked with then-Spanish Fork Mayor Steve Leifson and Seth Perrins (Spanish Fork City Manager) to settle SESD's dispute with Spanish Fork City which eventually led to settlements with Payson and Salem.

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING

July 9, 2024

(continued)

Kenny Seng said he spoke with an SESD customer from Lake Shore recently and this customer wanted Kenny to express this customer's appreciation to the Board for how quickly SESD's line crews restore power during the few times it does go out..

MOTION to approve the June 2024 Disbursements & Expenses.

Brent Gordon made a motion seconded by Joel Brown to approve the June 2024 disbursements & expenses. Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

Review June 2024 Financial Report

Mark Holdaway reported that the District ended up with a higher-than-projected net income for the financial year ending June 30, 2024. Much of this net income was due to higher-than-expected new construction revenue and lower-than-expected power costs. Mark explained that most of the net income was put back into the District's power system while some was also put into savings. The Board discussed reserve fund thresholds. Dan Ellsworth said, based on industry literature and statutes, he and Mark are working on building emergency reserves equal to 25% of budgeted expenses.

Ray Loveless acknowledged that the Board has had to make some difficult financial decisions over the last couple of years due to various challenges facing the District and the power industry in general. Ray thanked the Board for being so willing to make the hard choices that have kept the District financially viable through these tough times.

MOTION to accept the June 2024 Financial Report.

Brent Gordon made a motion seconded by Kenny Seng to accept the June 2024 Financial Report. Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

RESOURCE COMMITTEE

May 2024 Operations Report

Joel Brown reported that power prices remained stable and lower than projected during the winter and spring months. Joel pointed out that the power from the Nebo Gas Plant came in considerably higher during the month of May – 6X higher than normal. Mark Holdaway explained the high price was due to gas index pricing. UAMPS entered into a set gas price contract which means Nebo participants pay a lower price for gas during the colder months but a higher price for gas during the warmer months. The Board discussed summer market power pricing forecasts and the effect the Deseret Power Q3 2024 product may have on SESD power prices during the summer.

Ray Loveless asked--now that SESD has settled with Payson, Salem, and Spanish Fork – if there may be an opportunity for SESD to join the Utah Rural Electric Cooperative Association (URECA) and possibly qualify for better power rates from Deseret Power. Dan said that URECA membership may qualify SESD for better power rates and other cooperative benefits in the future.

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING

July 9, 2024

(continued)

Ray Loveless pointed out that solar farms Steel 1A and Steel 1B are both now online and producing power. He also said that UAMPS is conducting a study to find a suitable location for geothermal energy production.

MOTION to accept the May 2024 Operations Report.

Joel Brown made a motion seconded by Brent Gordon to accept the May 2024 Operations Report. Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

EXECUTIVE COMMITTEE

Ray Loveless stated that the Executive Committee reviewed the District's PTIF account statements and SESD's financial performance during Financial Year 2024. Joel Brown said succession plans need to be created for SESD's key staff. He also emphasized the importance of cross training for vital organization responsibilities.

UAMPS REPORT

None.

CREDA REPORT

Ray Loveless reported that the LTEMP study is being finalized and that Bureau of Reclamation is preparing for an experimental release of water from Glen Canyon Dam to try to prevent largemouth bass from spawning below the dam.

SUVPS REPORT

Brent Gordon stated that SUVPS held its annual Safety BBQ on June 26th to celebrate safety achievements within the organization and invited SESD's Board to attend the BBQ next year. Brent said that the 46 kV line relocation is progressing as planned along 1600 N. in Spanish Fork. He then reported that the Bureau of Reclamation transfer of the 46 kV system to SUVPS is still in progress with no finalization date yet.

POWER SYSTEM REPORT

Mark Holdaway reported that the Rocky Mountain Power substation near the mouth of Spanish Fork Canyon had some component failures near the beginning of June which caused an outage over the whole of the SUVPS system. Other than that, there were only a small handful of localized outages.

LEGAL UPDATE

Ray Loveless stated again that both Salem and Payson signed their respective settlement agreements with SESD. Ray stated that SESD's relationship with Spanish Fork has significantly improved since both entities first signed their settlement agreement about three years ago. The Board expressed hope that the relationship between SESD and Payson and Salem can also begin to heal with settlement.

DRAFT

**SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT
BOARD MEETING**

July 9, 2024
(continued)

CLOSED SESSION - UT Code 52-4-205(d)
None.

ADJOURNMENT

**Joel Brown made a motion to adjourn the meeting seconded by Brent Gordon.
Ray Loveless adjourned the meeting at 12:17 p.m.**

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next board meeting will be held on Tuesday, August 13, 2024, beginning at 11:00 a.m.

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