

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT COMBINED ANNUAL MEETING & BOARD MEETING August 13, 2024

South Utah Valley Electric Service District (SESD) held a combined Annual Meeting and monthly Board Meeting on Tuesday, August 13, 2024 – at 11:00 a.m. at the SESD office 803 N 500 E – Payson, UT.

Trustees Present: Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder

Trustees Excused: Cory Thompson

Also Present: Dan Ellsworth, Brook Christensen, and Mark Holdaway – SESD; Heather Stinson and Brigham Halford – SESD YLC Liaison and Youth Leader (11:15 a.m.)

Ray Loveless opened the meeting and excused Cory Thompson. Kenny Seng then offered a prayer and Joel Brown led the group in *The Pledge of Allegiance*.

PUBLIC FORUM

None.

ANNUAL REPORTS FOR FY 2024

Ray Loveless stated that Board Officer elections are held every two years. Since the Board Officers were elected the previous year, there would be no elections this year.

Ray presented his Annual Report to The Board. Ray stated that his seat, Kenny Seng’s seat, and Richard Behling’s seat were all up for election during FY 2024. Ray reported that all three incumbents retained their seats on the Board. Ray then presented a brief history of SESD’s legal dispute with Spanish Fork, Salem, and Payson. Ray’s history included SESD trying to change legislation back in 2018 all the way to SESD settling its dispute with Spanish Fork in 2021 and then with Salem and Payson in 2024. Ray continued by stating that UAMPS hit its all-time high peak load in July 2024 at 1,340 MW. Ray reported that SESD sold its Elk Ridge Fiber System and is now working with The State of Utah on a grant to install a fiber system in the West Mountain area. In reviewing SESD’s power resources for the year, Ray said that even though the Carbon Free Power Project was terminated SESD is still working with UAMPS and Deseret Power on other possible power resources. Ray thanked the Board for the many hours they have volunteered to make SESD a successful and viable entity.

Mark Holdaway presented his annual report. Mark reported that SESD began receiving 2.4 MW of solar energy from UAMPS during FY 2024 as well as 5 MW of coal power from Deseret Power. Mark stated that these power resources have now allowed SESD to cover nearly all its peak load. Mark said that this summer many transmission and distribution organizations began implementing Public Safety Power Shutoffs (PSPS) throughout the western United States to minimize fire risk from power lines. Mark reported that SESD recently settled its long-standing legal dispute with Payson and Salem. Mark thanked the Board for their efforts to work with the elected officials from these cities to help end the conflict. Mark shared some statistics comparing peak load, customer counts, and kilowatt hours purchased from FY 2023 to FY 2024. Mark expressed his appreciation to the Board for the way they and the staff can work so well together.

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT COMBINED ANNUAL MEETING & BOARD MEETING

August 13, 2024

(continued)

REPORT ON THE 2024 MICHAEL F. PETERSON YOUTH LEADERSHIP CONFERENCE (YLC)

Ray Loveless welcomed Heather Stinson (SESD YLC Liaison) and Brigham Telford (SESD YLC Youth Leader). Heather began her report by giving a brief overview of the YLC and said that five youth attended this year's YLC held near the beginning of July at Snow College. Brigham explained that he attended the conference last year as an attendee and went back again this year as a youth leader. Brigham shared how he overcame his shyness, was able to lead groups of people with more confidence and learned that he could do hard things that took him out of his comfort zone. Heather explained that the youth at the conference this year chose who will be the leaders next year. Heather also stated that the youth leaders ran the conference, and the adult leaders had very few responsibilities. After Brigham shared his plans for the next few years, Heather stated how inspired she was by watching some of the youth overcome paralyzing fear while on a ropes course. Heather said she is looking forward to working with the youth again in the coming year.

Ray asked about any scholarships offered to the YLC participants. Mark explained SESD's scholarship--how the youth qualify for it and the scholarship disbursement process. The Board discussed how scholarship funds should be disbursed in the event a participant chooses to not follow the traditional college route for education.

BOARD MEMBER SPOTLIGHT

None.

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 July 9, 2024, Board Meeting minutes.

Kenny Seng made a motion seconded by Joel Brown to approve the July 9, 2024, Board Meeting minutes. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

FINANCE COMMITTEE

Review July 2024 Disbursements and Expenses

Brent Gordon reviewed the July 2024 Disbursements and Expenses Report. Brent reviewed the power purchases, a transfer to the PTIF accounts, and inventory purchases. Brent explained that inventory purchases are higher than normal due to some line relocations and replenishing stock. The monthly long-term disability premium was also briefly discussed.

MOTION to approve the July 2024 Disbursements & Expenses.

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

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT COMBINED ANNUAL MEETING & BOARD MEETING

August 13, 2024

(continued)

Review July 2024 Financial Report

Mark Holdaway reported that, because of the hot summer, power revenues were higher this year compared to last year at the same time. He also pointed out that due to more stable power prices, a power cost adjustment has not been charged yet this summer. Mark said that contract materials & labor sales are down this year due to fewer line relocations. He stated that all expense accounts are within budget, and new construction revenue is below budget. Overall, Mark reported that the District is in a positive net position and is healthy with the beginning of the new financial year. Ray Loveless reported that Salem City made their payment as required in the settlement agreement that was signed at the end of June.

MOTION to accept the July 2024 Financial Report.

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

RESOURCE COMMITTEE

June 2024 Operations Report

Mark Holdaway reported that SESD purchased over 1 million kilowatt hours more in June 2024 than in June 2023 due to the summer heat. As a result, much more power was purchased from the open market than would be expected for the month of June. However, due to increased hydro production and lower power demand in the western United States because of Public Safety Power Shutoffs, market prices were lower than expected. Mark said the Steel Solar Farm is producing well and rooftop solar had its highest production month ever. Overall, SESD's power costs for the month of June came in lower than projected and no power cost adjustment needed to be implemented. Brook Christensen pointed out that SESD normally hits its high peak load in July because of agricultural fruit processing, irrigation pumping, air conditioning, and asphalt batch plant operations.

Mark said the day that UAMPS hit its all-time high peak load last month, it emailed a graph to each member showing that member's load and resource coverage for the day. Mark pointed out the Q3 2024 Deseret Power production, Nebo Power Plant production, and the Steel Solar Farm production on the graph. Mark stated that SESD's resource portfolio covered all SESD's load for the day and that SESD was now in a resource position to limit its exposure to the open market. Mark said that staff will need to carefully review SESD's resource vs. load ratio for each month to monitor excess capacity and possible loss from over-capacity power sales.

MOTION to accept the June 2024 Operations Report.

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

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT COMBINED ANNUAL MEETING & BOARD MEETING

August 13, 2024

(continued)

DG&T 6-Year Product Power Purchase Agreement

Ray Loveless stated that SESD purchased a power product through UAMPS from Deseret Power (DG&T) for the third quarter of 2024 (July, August, September). Ray explained that beginning in October 2024 SESD is purchasing a six-year product from Deseret Power that will be delivered directly to SESD. Ray said that Deseret Power needed the power purchase agreement signed by the end of the previous week (August 2nd) so they would have time to finalize things on their end before October 1st. Ray said he signed the agreement based on previous meetings where the Board expressed approval of the agreement. Ray said the agreement now needed to be ratified. Brent Winder asked when the DG&T Q3 2024 Power Product will begin showing up on SESD's power reports. Mark said it will start showing up in next month's report.

MOTION to ratify the DG&T 6-year Product Power Purchase Agreement.

Richard Behling made a motion seconded by Brent Winder to ratify the DG&T 6-year Product Power Purchase Agreement. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

EXECUTIVE COMMITTEE

West Mountain Fiber RFP Review Committee

Ray Loveless stated that Mark Holdaway had received the responses for the West Mountain Fiber RFP and now a committee needed to be organized to review the responses. Ray recommended that the committee meet as soon as possible since there is very limited time to choose a partner and begin construction. The Board decided that Richard Behling, Joel Brown, and Brent Winder would be on the committee to work with staff to review the responses to the West Mountain Fiber RFP.

MOTION to organize the West Mountain Fiber RFP Review Committee.

Brent Gordon made a motion seconded by Kenny Sent to appoint Richard Behling, Joel Brown, and Brent Winder to the West Mountain Fiber RFP Review Committee and review RFP responses with SESD staff. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

UAMPS REPORT

None.

CREDA REPORT

Ray Loveless stated that Richard Behling will be attending the next CREDA meeting the first week of September in Page, AZ. Richard said that CREDA recently reported that transformation costs will be reduced by 0.25% for the coming year.

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT COMBINED ANNUAL MEETING & BOARD MEETING

August 13, 2024

(continued)

SUVPS REPORT

Brook Christensen reported the following items from the SUVPS Board Meeting: title transfer of the 46 kV transmission system is almost complete but is currently on hold until UDOT and the Bureau of Reclamation can finalize a line relocation agreement; Summit Construction won the bid to relocate the 46 kV line along 1600 N. Spanish Fork; four bids were received to rebuild the Dry Creek Substation; all easements for the Circuit 49 reroute have been acquired and reroute engineering has now begun; Spanish Fork connected a new substation to the SUVPS system and Salem is almost ready to connect two new substations to the SUVPS system; and the 46 kV system experienced two very small outages caused by animals.

Brent Winder asked Brook Christensen about redundancy on the PacifiCorp transmission system in the south end of Utah County and how susceptible this area is to a Public Safety Power Shutoff (PSPS). Brook said the SUVPS system is fed from a transmission line coming down Spanish Fork Canyon and one coming down from northern Utah/southern Idaho. Brook said either one going down would probably put the whole area out of power. However, Brook pointed out that PacifiCorp is in the process of building a new 345 kV line from southern Utah through this area. He said once that line is complete, enough redundancy may be in place to prevent a PSPS from affecting south Utah County.

POWER SYSTEM REPORT

Brook reported that a direct-bury primary line burned up in Elk Ridge and was repaired. On August 4th a driver hit a pole at the intersection of 5600 W. and 9600 S. and took down one of SESD's main feeder lines in the West Mountain area causing a widespread outage. It took SESD and Salem crews seven hours to repair the damage. Brook said there were some other smaller outages during the month of July caused by animals.

LEGAL UPDATE

Ray Loveless stated that Salem made their payment according to the settlement agreement that was signed at the end of June. He also reported that Payson City recently took over the power service to the Bennion Veterans Home. This takeover was part of the settlement agreement signed with Payson.

Ray said that the law firm through which SESD receives legal assistance, Snell & Wilmer, has recommended charging SESD a set monthly rate for its services rather than hourly rates. Negotiations are currently underway to determine what that rate should be.

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

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

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**SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT
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August 13, 2024

(continued)

At 12:33 p.m. Richard Behling made a motion seconded by Brent Winder 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:

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

Kenny Seng made a motion seconded by Brent Winder to reconvene the Regular Board Meeting at 1:17 p.m. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

ADJOURNMENT

Kenny Seng made a motion to adjourn the meeting seconded by Brent Gordon.

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, September 10, 2024, beginning at 11:00 a.m.