

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT

BOARD MEETING

September 10, 2024

South Utah Valley Electric Service District (SESD) held its monthly Board Meeting on Tuesday, September 10, 2024 – at 11:00 a.m. at the SESD office 803 N 500 E – Payson, UT.

Trustees Present: Richard Behling (via Zoom), Joel Brown, Brent Gordon, Ray Loveless, and Brent Winder

Trustees Excused: Kenny Seng

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

Joel Brown opened the meeting and explained that he had been asked by Ray Loveless, Board Chairman, to conduct the meeting. Brent Gordon then offered a prayer and Brent Winder led the group in *The Pledge of Allegiance*.

PUBLIC FORUM

None.

BOARD MEMBER SPOTLIGHT

Joel Brown invited Cory Thompson to present his Board Member Spotlight. Cory said he was born and raised in Ogden, Utah. Because his parents were civilian employees for the U.S. Air Force, he spent some of his childhood in Germany. Cory received his BA in Philosophy and Political Science from Utah State University (Cory wanted it noted that people should NOT get degrees in Philosophy or Political Science). Cory's career includes working as a civilian contract administrator for the U.S. Air Force, working for ATK with military engineers, and then in the IT industry with Semantec. In 2017 he went to BYU Law School, received his law degree, and now works as an attorney for Ebay. Cory said he enjoys spending time in the outdoors with his wife and four children and travelling. Ray Loveless stated that he will give the Board Member Spotlight in October.

APPROVE BOARD MEETING MINUTES

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

MOTION to approve the August 13, 2024, Combined Annual Meeting and Board Meeting minutes.

Ray Loveless made a motion seconded by Brent Gordon to approve the August 13, 2024, Combined Annual Meeting and Board Meeting minutes. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Cory Thompson, and Brent Winder approved the motion.

FINANCE COMMITTEE

Review August 2024 Disbursements and Expenses

Brent Gordon reviewed the August 2024 Disbursements and Expenses Report. Brent stated that both committees reviewed the report with very few questions. He said power purchases were up quite a bit because of the hot summer and that inventory purchases were up as well.

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MOTION to approve the August 2024 Disbursements & Expenses.

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

Review August 2024 Financial Report

Brent Gordon reported that about 16% of the financial year had expired and that power revenues were higher than projected. He said this was due to increased agricultural production during the summer months as well as increased power usage across the system due to the heat. He said revenues will drop once the weather cools and usage decreases. Mark Holdaway pointed out that power costs are also a little higher than budgeted because of the hot weather and increased system usage. He stated that power costs will go down again once the weather cools. Mark then said that maintenance costs and inventory variance costs are a little higher than projected. Mark reminded everyone that supply chain constraints will sometimes increase the price of inventory from the time it is ordered to the time it is received thus causing price variances. Mark reported that SESD is in a positive net position so far for the financial year. He said that the positive net position is put back into inventory, system upgrades, and a little into savings.

Mark said that during the Finance Committee meeting Brent Gordon reported learning about depreciation at a recent UAMPS meeting and the importance of regularly replacing aging infrastructure and equipment. Brent said that UAMPS taught that depreciation expense can be used as a guide for setting aside funds for maintenance. Brent commended the Board and staff for working together to keep SESD's system in good repair.

MOTION to accept the August 2024 Financial Report.

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

Purchase of two F-350 Pick-up Trucks

Brook Christensen reported that the District was purchasing two new Ford F-350 pick-up trucks. He said one was a trade-in while the other was a new addition to SESD's fleet. Brook said the annual rotation of pick-up trucks has created significant savings in vehicle maintenance costs. Brook stated that he would like to get to the point where he can rotate the bucket trucks every five to ten years to minimize maintenance costs on them, too.

Cory Thompson asked if SESD has ever leased its vehicles. Dan Ellsworth explained that he and Brook evaluated some leasing programs a couple of years back but decided the District was better off owning the vehicles. Cory stated that Elk Ridge City recently ran into problems with vehicle leases and strongly recommended SESD owning vehicles instead of leasing them.

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MOTION to approve the purchase of two F-350 pick-up trucks.

Ray Loveless made a motion seconded by Brent Gordon to approve the purchase of two F-350 pick-up trucks. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Cory Thompson, and Brent Winder approved the motion.

RESOURCE COMMITTEE

July 2024 Operations Report

Cory asked Joel if he could take a moment to discuss some public relations concerns he brought up with Resource Committee. Cory explained that there is a very vocal minority that is upset about high power bills this summer. Cory said much of the discontent comes from misinformation and lack of knowledge about how the power industry works (i.e. high power bills in summer because of increased power consumption through running air conditioners). Cory said the District may benefit from reaching out to students and faculty at Brigham Young University and Utah Valley University to see if they would be willing to work on a public information campaign. He stated the cost could be very minimal and the information campaign may help resolve some of the concerns he regularly hears. Cory suggested that he could reach out to some of his contacts to see if he could find someone interested in taking on the project. Dan Ellsworth mentioned that this public information campaign should expand into telling people SEDS's story — its history, the efforts SEDS's Board and staff are making to provide the best service for the best price possible, the way SEDS gives back to the community, and the benefits SEDS's customers receive by being with a public power utility instead of an investor-owned utility. The Board agreed with Dan's remarks and Cory said he would reach out to people to see what kind of response he gets.

Joel Brown asked Mark Holdaway to give the rest of the Operations Report. Mark reported that SEDS started receiving its 5 MW of power from Deseret Power beginning July 1st. Mark pointed out that the Deseret Power allocation was less expensive than open market pricing, significantly reduced SEDS's exposure to the open market, and helped stabilize SEDS's overall power costs compared to the previous year. Ray asked if SEDS had any excess resource for July and at what price it was sold off. Mark stated that UAMPS did sell off some of SEDS's excess power at about half the price for what it was purchased. Ray expressed concern that power sales at a loss could negatively affect SEDS's power costs. He asked staff to closely monitor those sales and SEDS's power resource mix.

MOTION to accept the July 2024 Operations Report.

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

EXECUTIVE COMMITTEE

No report.

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UAMPS REPORT

UAMPS Net Margin Position

Ray Loveless reported that after the end of each financial year the UAMPS staff review each UAMPS project to determine whether it came in at, below, or above budget. For any project coming in below budgeted costs, the margin is returned to the members participating in that project. Ray said SED's total margin was \$68,257.08. Ray explained that members can have the margin distributed three ways: returned to the member as a check, applied to the next month's power billing, or retained in an account at UAMPS for future needs. Ray pointed out that SED usually keeps its margins at UAMPS for future needs. Joel Brown asked how the money is invested at UAMPS and whether UAMPS or SED earns the interest. Ray explained the money is held in a PTIF account – the same type of account in which SED would invest the money – and that all the interest goes to SED. Dan Ellsworth mentioned that keeping the money at UAMPS has helped SED in the past pay its share of unexpected expenses and encouraged the Board to leave the money there.

MOTION to retain UAMPS Net Margin Position.

Ray Loveless made a motion seconded by Brent Gordon to retain the UAMPS Net Margin Position. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Cory Thompson, and Brent Winder approved the motion.

UAMPS Geothermal and Wind Solicitation

Ray Loveless said he emailed information about some UAMPS geothermal and wind projects to the Board to discuss in their committee meetings. He reminded the Board that all solicitations should be carefully considered to assure SED's future resource needs are being properly met. Joel Brown said the Resource Committee reviewed the projects and expressed an interest in the Uinta Wind Project. Dan Ellsworth explained that SED is currently subscribed for 250 kW in the Pleasant Valley Wind Project with its power purchase agreement (PPA) expiring in the Fall of 2028. Dan said the Uinta Wind Project will be coming online about the same time the Pleasant Valley PPA expires and that the Uinta Wind Project is currently priced at just over \$65/MWh. Dan recommended soliciting 250 kW from the Uinta Wind Project – thus replacing Pleasant Valley Wind when it's PPA expires. The Board discussed the Horse Butte Wind Project and two geothermal projects but decided the Uinta Wind Project would best fit SED's power needs.

Brent Winder asked for a progress report on a new gas plant UAMPS has been planning; he was concerned about UAMPS getting more baseload resource into its portfolio. Ray said UAMPS was still pursuing a new gas plant and expected to see a solicitation for it before the end of the year.

MOTION to participate in UAMPS Geothermal and Wind Solicitation.

Brent Winder made a motion seconded by Ray Loveless to participate in the UAMPS Uinta Wind Project Solicitation at 250 kW. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Cory Thompson, and Brent Winder approved the motion.

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CREDA REPORT

Richard Behling reported that he recently attended the CREDA September meeting. He said CREDA is working through the following items: monitoring WAPA's efforts to replace some large transmission substation transformers; trying to mitigate lost power generation at Glen Canyon Dam due to Fish & Wildlife Service bypass operations to control smallmouth bass populations; working with federal officials to manage increasing water demands on a diminishing water supply; and working with government agencies to figure out how to fairly fund future smallmouth bass population mitigation strategies. Richard stated that CREDA is especially concerned about future smallmouth bass mitigation costs since the expensive current cold water bypass method has been unsuccessful. When asked about hydrology, Richard stated that water levels in Lake Powell and Lake Mead are expected to remain constant for the next two to three years even if the Southwest experiences more drought.

SUVPS REPORT

Brent Gordon reported that: SUVPS spent over \$1 million on transmission system upgrades during the month of August, is still negotiating the purchase of some property near the mouth of Spanish Fork Canyon for a new substation, has acquired all the easements necessary to build a 138 kV line from its new substation to the Taylor Switch Rack, and is in the process of procuring new transformers for the Dry Creek Substation and Nebo Substation.

Ray Loveless asked about maintenance on the SUVPS transformers currently in the Rocky Mountain Power substation near the mouth of Spanish Fork Canyon and if there were any redundancies in the event of a transformer failure. Brook stated that load could be transferred to Dry Creek and Nebo during the lower load months, but a transformer failure during a high load month would likely result in a system outage. Brook emphasized that the new SUVPS substation and upgrades will help minimize outages due to equipment failures.

POWER SYSTEM REPORT

Brook Christensen reported that a windstorm on 08/17/2024 opened up a recloser in the Loafer Substation and put a couple of dozen people out of power. He said the line crews have also been working on tree trimming around power lines throughout the system.

Ray Loveless asked Brook what kind of work the linemen perform when not dealing with outages and emergencies. Brook explained that the linemen work on special jobs, like a Comcast pole attachment project currently underway; SUVPS 46 kV maintenance and new construction; installing new power connections on SESD's distribution system; line relocations for new development and road projects; and general line maintenance and replacement.

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LEGAL UPDATE

Mark Holdaway reported that Snell & Wilmer, the law firm that has been offering SESD legal assistance, is working on a plan to charge SESD a monthly rate for legal services instead of an hourly rate. Mark said he will inform the Board once he knows more details.

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

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

At 12:26 p.m. Brent Gordon made a motion seconded by Cory Thompson 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:

Richard Behling - Y, Joel Brown - Y; Brent Gordon - Y, Ray Loveless - Y, Cory Thompson - Y, and Brent Winder - Y.

Brent Gordon made a motion seconded by Richard Behling to reconvene the Regular Board Meeting at 1:19 p.m. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Cory Thompson, and Brent Winder approved the motion.

Approve West Mountain Broadband Project Partner

Joel Brown stated that after carefully reviewing the responses to the West Mountain Broadband RFP during the closed session, the Board decided to partner with Utah Broadband.

MOTION to approve Utah Broadband as SESD's West Mountain Broadband Project Partner. Brent Winder made a motion seconded by Richard Behling to approve Utah Broadband as SESD's West Mountain Broadband Project Partner. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Cory Thompson, and Brent Winder approved the motion.

ADJOURNMENT

Joel Brown made a motion to adjourn the meeting seconded by Brent Gordon. Joel Brown adjourned the meeting at 1:21 p.m.

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next board meeting will be held on Tuesday, October 8, 2024, beginning at 11:00 a.m.