



HURRICANE CITY UTAH

Mayor

Nanette Billings

City Manager

Kaden C. DeMille

Power Board

Mac J. Hall, Chair
Dave Imlay, Vice Chair
Joseph Prete
Tony Certonio
Colt Stratton
Kerry Prince

The Hurricane City Power Board met on October 2, 2024, at 3:00 p.m. at the Clifton Wilson Substation located at 526 W 600 N.

In attendance were Mac Hall, Dave Imlay (by phone), Joseph Prete, Tony Certonio, Colt Stratton, Kerry Prince, Scott Hughes, Mike Ramirez, Jared Ross, Mike Vercimak, Dayton Hall, Nanette Billings, Bruce & Linda Zimmerman, Karl Rasmussen, and Crystal Wright.

Mac Hall welcomed everyone to the meeting. Tony Certonio led the Pledge of Allegiance and Scott Hughes offered the prayer. Kerry Prince motioned to approve minutes from the September 2024 meetings. Tony Certonio seconded the motion. Motion passed unanimously.

Scott Hughes: Scott Hughes reported about the employee opening that we have for a Journey Lineman position. We have interviews coming up at the end of this week for that opening. Public Power Day was held yesterday. It was a good turnout and a lot of fun. Our Reliable Public Power Provider (RP3) application is underway. It is an application due every 3 years and is overseen by American Public Power Association (APPA). Joseph Prete asked about the significance of the RP3 designation. Scott Hughes stated it is a voluntary process but provides good information about benchmarking and where we land with industry standards and practices. Crystal Wright stated it goes in depth into reliability, safety, workforce development, and system improvement and has a scoring system assigned to each section so we can see where we may need to make improvements.

Mike Ramirez: Mike Ramirez reported on the work that the Line and Service Crews have been working on. They have done some pole installations for the Lone Pine Subdivision and work needed to upgrade the capacity on the line for that subdivision. We plan on continuing overhead work for the length of 400 West so there will be more work to come. They also finished our portion of the work needed for the new Ace Hardware building to be energized. They were able to provide some minor back feed options with that big project. Joseph Prete asked what the opening date for the new Ace Hardware is projected to be. Colt Stratton stated there is a sign on the door of the existing building that states November 7, 2024, will be their Grand Opening date.

Jared Ross: Jared Ross provided an update with the Three Falls Substation. The final grading is done, and they've begun to spread 4 inches of gravel throughout that substation. There was an outage at Brentwood Substation, which was reported at the last meeting, and they have been working on repairs there. We found that switch isn't sufficient for our increased loads. Anticline Substation will need an upgraded transformer due to the increased loads on that substation as well. We are planning on moving the transformer in our yard to the T2 bay location there. There is some engineering that needs to be done for that. We have continued the generator run sporadically based on market price and the continued heat this fall. Joseph Prete asked if all generators are fully operational. Jared Ross confirmed they are. Nanette Billings asked what the breaking point is to run the generators. Scott Hughes and Crystal Wright explained the strike price we use is dependent on natural gas prices which change daily so the price changes every day. It is monitored regularly. Nanette Billings discussed the multitude of phone calls she has received from residents frustrated about their power bills. She has explained to them there have been no rate adjustments since April 2023 but because of the excessive heat that we experienced this year, usage increased



which caused their higher bills. She would like the Power Department to investigate the amount of money we have in reserves, if that amount is increasing, and whether a rate adjustment is possible at this time to help our residents. Scott Hughes stated that because of the annual audit combined with a scheduled leave of absence, we have not received financial statements since the May 2024 financials. We need to know where our reserves are and have a good financial understanding of where we are in relation to refilling the reserves that had been depleted so heavily due to the power market volatility. After we look at those updated financials, we will address these questions and bring the information back to the Power Board as soon as we can gather it. Nanette Billings explained that she recognizes we are not alone as a Power Department and is aware that many entities, including Rocky Mountain Power, have also implemented or announced rate increases. She would like to be sensitive to our residents, while maintaining good financial health as a department.

Discussion and possible recommendation to the City Council on a Power Line Extension request for Gateway

Commercial Phase 1: Karl Rasmussen with ProValue Engineering presented information about this line extension. He explained the project is around 3700 West State Street on the south side of State Street. He described a large commercial project with multiple businesses. There are plans for a convenience store, room for three eating establishments, as well as a hotel. He described some conversations happening with UDOT regarding a master planned road through that area. He explained there will be another application coming and they have discussed with the Power Department they would like to size the initial line extension large enough to allow capacity for both projects. Mike Ramirez and Scott Hughes stated the various routes available to upgrade Brentwood Circuit 204 (BW-204) to provide the capacity on BW-205 this project needs. This project lies within BW-205 which does not currently have enough capacity to provide power to this project. There was a lot of discussion about the potential future projects from the neighboring property owners that will be coming before the board in future months. Joseph Prete asked if the litigation between some of the property owners in that area has been resolved. Dayton Hall explained that Joseph Prete is determining whether he needs to declare a conflict of interest. Karl Rasmussen stated he didn't think the litigation was continuing. Colt Stratton recommended approval to the City Council on upgrading the line depending on the route chosen by the developer and contracts being drafted and signed. Tony Certonio seconded the motion. Motion passed with the majority; Joseph Prete abstained from voting.

Consideration and possible recommendation to the City Council regarding solar base rates and revision to solar

policy: Mike Ramirez explained the reason why the solar base rates had been tiered in the past. He described that time has passed with experience and financials to show that there are some changes that may be justified to that tiered structure. We are proposing to drop the tiered structure and make the solar base rates all the same at \$30.00. There is still justification for having an increase from the \$20.00 residential rate and described the extra work solar accounts require of our staff monthly. Dave Imlay described one reason the base rate had been tiered initially is to prevent larger solar customers from being subsidized by regular residential customers. Scott Hughes replied that explanation is correct, however, the workload currently doesn't justify the increase between solar customer tiers for operation and maintenance costs. There may be a slight subsidy between the smaller and larger solar customers, but the solar customers are not subsidized by regular residential customers. Dave Imlay stated that we try not to subsidize any rate with any other rate, so that's where he has a concern. Tony Certonio motioned to recommend approval of a standard \$30.00 solar base rate and revision to the solar policy. Kerry Prince seconded the motion. Motion passed with the majority; Dave Imlay voted against the motion.

UAMPS Updates: Scott Hughes provided the updates in the packet. We will not review them if there aren't any questions. Scott Hughes stated there were invites for the Power Board to attend Zoom meetings earlier regarding Power Sales Contracts for natural gas projects that UAMPS will be owners of. One plant will be built as a baseload plant in American Falls, ID. The other plant will be built as a peaking plant in Millard County, UT. We can choose how much power to purchase. Preliminary numbers we have provided to UAMPS are around 12MW for the

baseload plant, and around 10MW for the peaking plant. The peaking plant is looking like a higher purchase cost, so he's not sure how much he wants to take. Dave Imlay stated he had been able to participate in the Zoom meetings and his takeaway is that the cost of power quoted would still incur additional transmission costs. That cost puts it close to our wholesale costs right now, but to create a retail rate based on that, it would probably mean a retail rate increase. He understands that the cost of power is higher than it has been historically, and residents are already feeling the pinch and angry. We may have to adjust to the reality of higher cost of power as residents ourselves with the lack of project availability coming online. Mac Hall confirmed we need more resources to handle the continued growth and there have not been a lot of viable baseload options. Scott Hughes stated we are also looking into two wind study projects, a geothermal study project, and really early stages of another nuclear study project. Mac Hall asked if we've investigated another generator unit to fill our available empty space. Scott Hughes stated yes, but we are in preliminary stages of looking to fill that space.

Nanette Billings stated there is only one more property along the 1100 West corridor that needs an easement signed and it should be close to being completed. She met with the Economic Developer with Washington County. He helped her submit a grant to the State of Utah for the two power line extensions along 1100 West and SR-7. We are hoping to get some money for each of those line extensions. Scott Hughes stated he had Mike Ramirez sit in on a grant webinar we are going to apply for. He will be heading up grant submission for grid resilience.

Joseph Prete mentioned he will abstain from voting on the line extension that was on the agenda. The litigation matter Karl Rasmussen mentioned earlier in the meeting isn't fully resolved yet after receiving confirmation from his office.

Power Board adjourned at 4:15 p.m. The next Power Board Meeting is scheduled for November 6, 2024, at 3:00 p.m.

