

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING July 12, 2022

South Utah Valley Electric Service District (SESD) held a regular Board Meeting on Tuesday, July 12, 2022 – at 11:00 a.m. at the SESD office located at 803 N 500 E – Payson, UT. Electronic participation was made available through Zoom Meeting.

Trustees Present: Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon and Ray Loveless attended in person; Kenny Seng, and Brent Winder joined the meeting via Zoom.

Board Members Excused: Mark Holdaway – SESD Board Clerk

Also Present: Ryan Bagley, Brook Christensen, Dan Ellsworth, and Jennifer Hatcher – SESD
Jens Nielson, Attorney at Law – Wasatch Land & Title/Law

Ray Loveless welcomed everyone to the meeting, excused SESD Board Clerk Mark Holdaway and called the meeting to order at 11:10 a.m.

Brook Christensen offered a prayer and Ryan Bagley led the group in *The Pledge of Allegiance*.

PUBLIC FORUM

No public in attendance.

APPROVE BOARD MEETING MINUTES

MOTION to approve June 14, 2022 Board Meeting Minutes.

Joel Brown made a motion seconded by Richard Behling to approve the June 14, 2022 board meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

FINANCE COMMITTEE

Brent Gordon stated that the June 2022 Disbursements & Expenses report was reviewed prior to the board meeting. Brent shared a concern raised by the Executive Committee regarding the fees for credit card processing; he asked the SESD staff to present a proposal for recapturing the processing fees during the next Finance Committee meeting to be held on Thursday, August 4, 2022.

MOTION to approve the June 2022 Disbursements & Expenses.

Brent Gordon made a motion seconded by Richard Behling to approve the June 2022 Disbursements & Expenses. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

(Trustee Brent Winder joined the meeting via Zoom)

Brent Gordon reviewed the June 2022 Financial Reports.

MOTION to accept the June 2022 Financial Reports.

Brent Gordon made a motion seconded by Joel Brown to accept the June 2022 Financial Reports. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

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FINANCE COMMITTEE (continued)

MOTION to approve SESD Revised Depreciation Schedule.

Richard Behling made a motion seconded by Brent Gordon to approve the revised SESD Depreciation Schedule as presented. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

MOTION to approve Opening Rate Schedule 11, Rate Schedule 12, Revisions to Rate Schedule 6, and Revisions to Tariff Index for public review (see Appendix A).

Brent Gordon made a motion seconded by Nelson Abbott to approve Opening Rate Schedule 11, Rate Schedule 12, Revisions to Rate Schedule 6, and Revisions to Tariff Index for public review. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

MOTION to approve date for Public Hearing to Approve New Rate Schedules and Revisions.

Ray Loveless suggested that the Public Hearing – to approve the new rate schedules and revisions – be held on Wednesday, August 24, 2022 at 6:00 p.m.

Richard Behling made a motion seconded by Brent Winder to schedule the Public Hearing for Wednesday, August 24, 2022 at 6:00 p.m. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

RESOURCE COMMITTEE

No report.

MAY 2022 OPERATION REPORT

May Operations Report will be presented during the August 2022 Board Meeting.

EXECUTIVE COMMITTEE

Request for Transfer of Power Service Application.

Brook Christensen explained that the new application is for all municipal requests to transfer power service and facilities due to annexation.

Ray Loveless stated that developers are more focused on the time it takes to get approvals and permits than they are the costs involved; Ray emphasized that for developers, time is money.

MOTION to approve Request for Transfer of Power Service Application.

Joel Brown made a motion seconded by Richard Behling to approve and enact the SESD Request for Transfer of Power Service application as presented. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Rocky Mountain Power (RMP) Asset Transfer Agreement.

Ray Loveless explained that SESD and RMP have been in negotiations to transfer assets and two related customers near the current CPCN boundary border area in Mapleton.

MOTION to approve Rocky Mountain Power Asset Transfer Agreement.

Nelson Abbott made a motion seconded by Richard Behling to approve the SESD Rocky Mountain Power Asset Transfer Agreement. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

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UAMPS REPORT

Amended Firm Power Supply Agreement Resolution for Steel 1A and 1B.

Ray Loveless reported that both the Steel 1A and 1B UAMPS projects have been delayed due to several factors including supply chain issues, forced-labor in China, and cost-prohibited inflation. Ray stated that the project costs increased from \$31.00/MW to \$34.66/MW at the site; he explained that the cost of transmission and UAMPS fees would be added to the site rate. Ray reported that due to the project delays and increased costs, UAMPS had the option to cancel the contracts; however, the UAMPS board chose to continue with both. Ray presented the revised project contracts indicating that SESD participation levels remain the same, with 650KW in Steel 1A and 1500KW in Steel 1B.

MOTION to approve Amended Firm Power Supply Agreement Resolution for Steel 1A and 1B.

Richard Behling made a motion seconded by Joel Brown to approve the revised Firm Power Supply Agreement Resolutions for Steel 1A and 1B and authorize Ray Loveless to sign the amended agreement resolutions. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Steel 1A Solar Project Transaction Schedule Amended and Restated.

Ray Loveless explained that the amended and restated transaction schedule has been revised to correlate with the amended agreement mentioned above. Ray presented the amended schedule.

MOTION to approve Steel 1A Solar Project Transaction Schedule Amended and Restated.

Nelson Abbott made a motion seconded by Richard Behling to approve the Steel 1A Solar Project Transaction Schedule Amended and Restated as presented. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Steel 1B Solar Project Transaction Schedule Amended and Restated.

Ray Loveless explained that the amended and restated transaction schedule has been revised to correlate with the amended agreement mentioned above. Ray presented the amended schedule.

MOTION to approve Steel 1B Solar Project Transaction Schedule Amended and Restated.

Brent Gordon made a motion seconded by Nelson Abbott to approve the Steel 1B Solar Project Transaction Schedule Amended and Restated as presented. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Request to Participate in Geothermal Power Project.

Ray Loveless reported that the UAMPS Board of Directors has asked the UAMPS staff to research geothermal resource and its viability. Ray stated that there would be no cost to SESD unless UAMPS proposed a geothermal project in the future; stating that upon proposal, SESD would have the option to participate after reviewing the project specifics and projected cost.

MOTION to approve Request to Participate in Geothermal Power Project.

Joel Brown made a motion seconded by Brent Gordon to approve the Request to Participate in Geothermal Power Project research. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

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CREDA REPORT

No report.

SUVPS REPORT

Brent Gordon reported that he and Brook Christensen attended the SUVPS Board meeting. Brent stated that SUVPS is in the process of bonding; he reported that SUVPS has been working closely with Zions Bank. Brook Christensen stated that Zions Bank has requested that each SUVPS member participate in a Finance Committee for the purpose of discussing bonding options; Brook suggested that Mark Holdaway represent SESD.

Brook Christensen reported that he also attended the SUVPS Technical Committee. Brook stated that the SWUA Agreement for the Taylor Property is complete. He also reported that the SWUA title transfer agreement has been signed and the USBOR is now working on the final recording; Brook stated that the final step will take about 9 months to complete. Ray Loveless asked how the transfer would be allotted to SUVPS and its members. Brook explained that the share of the system, costs and otherwise, will be based on usage.

Brook reported that SUVPS filed for MERC in relation to the Dry Creek Substation. He reported that RMP will be taking over assets and entering into an agreement with SUVPS for operation of the substation.

Brook explained that SUVPS has issued an RFP for the design of the 1600 S Relocation for the new I-15 exit. He reported that the initial plan is to follow the UAMPS line until it crosses the freeway and then it will tie back into the system west of I-15.

Brook reported that the Spanish Fork Canyon line needs to be relocated and in conjunction with the relocation, the line will be increased to 138 kv. Brook stated that the reroute will shorten the distance about 4000' resulting in a significant cost-savings. Ray Loveless asked about customers having poles and OH lines in their yards due to the new route. Brook explained that the customers already have poles in the areas, the new system will have bigger and therefore higher poles, improving rather than hindering the customers' views - with the lines running much higher and out of the line of sight.

Brook stated that SUVPS has applied to add another breaker to the Nebo Power Plant to pull another circuit; SUVPS will approach UAMPS during their next board meeting. Ray Loveless asked about SUVPS's existing UAMPS members (SESD, Payson City, and Springville City) versus the SUVPS members who do not belong to UAMPS (Spanish Fork and Salem City) related to cost considerations. Brook Christensen stated that if UAMPS allows the tie-in there will be discussions regarding the exclusion of Spanish Fork and Salem City; Brook stated that they will not have claim to ownership.

Brook stated that SUVPS reported no outages on the 46-line during the month of June.

URECA YLC REPORT

Jennifer Hatcher stated that the 2022 URECA Youth Leadership Challenge took place at Snow College, July 5-9, 2022 with over 160 participants. Jennifer was pleased to report that SESD's Youth Director - Keller Stinson - was awarded 2022 Youth Director of the Year, noting that the recognition was an adult-director nomination and peer-elected accolade that includes a \$3,000.00 URECA Scholarship.

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POWER SYSTEM REPORT

a) Outage Report

Brook Christensen stated that there were a few small outages since last board meeting; he reported that there was an outage in Woodland Hills related to a surge protector connected to smoke alarms that were damaged; Brook explained that the outage is still under investigation. Brook reported that there were several outages related to birds on transformers, and one human-caused fire that burned down a home near the Dream Mine on the bench east of Salem. Brook explained that a four-hour outage occurred near the Lakeshore church when a vehicle hit the power pole, and that work was done in Covered Bridge to move the power line away from the water service line as the water was routed directly under the home's transformer.

Brook mentioned that SESD is working on another project in Covered Bridge Canyon with CentraCom. He explained that the partnership would provide conduit from the base of Right Fork to the top of the residential area, alleviating the dilapidated direct-bury lines and limiting excavation to one dig for power and internet. Ryan Bagley stated that this will benefit SESD customers and reduced excavation costs as they were shared with CentraCom.

Brook also reported requesting quotes for substation transformers: one 46kv and another 138kv; stating that supply chain issues and order lead times require a proactive approach. Brook stated that discussions with RMP for SESD to connect to their 138-line located in the western area of Utah County are promising.

SPANISH FORK CITY accounts clean-up update

Brook Christensen reported that there are 52 customers transferred. The remaining 30+ transfers are in a holding pattern – waiting on Spanish Fork to complete work on their end.

PAYSON CITY

Brook stated that Payson City has taken over everything except the Goosenest area and stated that there have been discussions regarding a wheeling agreement or other power-share arrangement. Ray Loveless reported that Payson City was working on the Goosenest Line Extension when he was in the area at 9:00 a.m. this morning.

SALEM CITY

Brook Christensen reported that all Salem City requested transfers are complete; he stated that additional transfers are pending and that SESD will continue to work with the city to make all requested transfers in a timely manner.

LEGAL UPDATE

Ray Loveless stated that there were no significant advances related to the current litigation. Ray asked Richard Behling to report on his meeting with SESD's lobbyists.

Richard Behling reported that he, Ray Loveless, Steve Styler, Frank Pignanelli, Mike Ostermiller, and two other lobbyists representing Utah developers met to discuss legislation amendments to make annexations and area takeovers more productive and timelier for the district and developers/home builders. He stated that the ideas presented were very favorable, including the suggestion to add soft costs (e.g., bonding, administrative fees, etc.) to a cohesive transfer package that would level the playing field for our district as compared to other utility service providers and municipalities.

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LEGAL UPDATE (continued)

Ray Loveless concurred with Richard, stating that the meeting was a success and that the outlook for positive legislation is optimistic. Ray stated that SESD has accepted the court’s rulings and is simply looking for equal treatment as compared to RMP and the Co-Ops. Ray reported that the Utah Code language is district exclusive and often predatory, slowing the transfer process and inhibiting timely development. Ray stated that he and Richard emphasized the need for equal treatment, with no verbiage that singles out of the district. Ray shared the sentiments of the developers that timeliness of the approvals and transfers is more important than the cost; Ray reiterated that for developers time is the primary and dominant concern.

Ray Loveless reported that he and Brook Christensen met with Salem City Elected Officials and Salem Power department personnel regarding the Arrowhead Substation, stating that Salem City invited SESD to the table for discussions. Ray stated that he and Brook suggested that the focus of negotiations broaden to include all of the Salem City annexations, not just the Arrowhead Substation, to look at the big picture and see if the two entities can come to an overarching agreement. Ray stated that the Salem representatives were open to discussions; the offer to negotiate was well-received. Ray explained that the progress made with the Spanish Fork Agreement has given the other cities, Salem and Payson, hope for resolution.

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

No closed session.

ADJOURNMENT

Nelson Abbott made a motion to adjourn the meeting.

Ray Loveless adjourned the meeting at 1:00 p.m.

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next scheduled meeting will be a board meeting held on Tuesday, August 9, 2022 at 11:00 a.m.

APPENDIX

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