

DRAFT

**SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT  
PUBLIC MEETING & BUDGET HEARING  
May 17, 2023**

South Utah Valley Electric Service District (SESD) held a public meeting and budget hearing on Wednesday, May 17, 2023 – at 6:00 p.m. at the SESD office 803 N 500 E – Payson, UT.

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

**Also Present:** Brook Christensen, Jennifer Hatcher, and Mark Holdaway – SESD

Joel Brown called the meeting to order at 6:00 p.m.

**WELCOME – PRAYER – PLEDGE**

Joel Brown welcomed everyone to the meeting and asked the trustees and staff to introduce themselves. Joel then asked the public attending the meeting to introduce themselves as well.

Nelson Abbott offered an opening prayer and Brent Gordon led everyone in the *Pledge of Allegiance*.

Joel Brown asked Mark Holdaway to review the proposed motions on the agenda.

**FY23 BUDGET AMENDMENT**

**MOTION** to approve the FY23 Budget Amendment

Mark Holdaway presented the amended FY23 budget, explaining that the adjustments were required due to the significant increase in power purchase costs in the second quarter of the fiscal year.

Dennis Lisonbee stated that in the last public meeting, SESD attributed the recent rate increase to the elevated costs of natural gas. Dennis informed the board that many news outlets have been reporting a drop in natural gas prices and he asked the board if SESD rates would decrease accordingly.

Mark Holdaway reported that the decrease in natural gas rates have yet to be reflected in recent power purchases. Mark stated that he anticipates that the standard three-tiered power rates will remain the same; however, the Power Cost Adjustment (PCA) is likely to go down over the next several months.

**Brent Winder made a motion seconded by Brent Gordon to approve and accept the amended FY23 budget, as presented. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

Dick Goerge asked if SESD would be increasing the cap on solar installations from 10 to 25KW.

Joel Brown explained that the Net Feed-in-Tariff policy was not on the meeting agenda and therefore the board could not take action on the requested revisions. Joel invited customers who would like to discuss SESD's solar policy specifically, to remain after the public meeting to have a conversation with the SESD trustees.

**SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT**  
**PUBLIC MEETING**  
**May 17, 2023**  
(continued)

**FY24 BUDGET**

**MOTION to approve the FY24 Budget**

Mark Holdaway presented the FY24 Budget and opened the floor to the public for questions.

Kelly Smith explained that for him, the bottom-line is the kwh rate. Kelly said he understands that many factors are affecting power rates right now, such as fossil-fuel power plants being taken offline, increase in population, and open market prices skyrocketing due to increased demand. Dick George asked the Board, "What will our rates be 6 months, 12 months from now?". Dick acknowledged that decisions regarding energy policy are out of local control. Dick then wondered what can customers expect to be paying for the next 12, 24, 36 months for power? June through December and beyond?

Mark Holdaway responded that his average estimate for power over the next fiscal year will be somewhere between \$0.14--\$0.22/kwh during the summer; \$0.12--\$0.22/kwh during the winter - depending on the natural gas market. Mark then explained that hydro generation is projected to increase during the spring and summer and thus reduce SESD's need to purchase power on the open market.

Justice Morris asked what SESD is doing to encourage Solar? What are the current solar details.

Mark Holdaway explained SESD's current solar policy, how SESD allows up to 10 kW of capacity to be connected to the grid and that SESD's credits customers \$0.051/kwh for power returned to the grid. Mark also said that SESD is investing in solar generation through UAMPS. When asked how long until SESD will change its current Net Metering Policy, Mark explained that SESD is currently conducting a capacity study on some of its substation circuits. The study will determine how much more load the circuits can handle. He said the study will take two to four months to complete. Mark then mentioned that people can help lower SESD's peaks by using batteries with their solar panel.

Dan Ellsworth told the group that SESD limits installed solar capacity to 10 kW because that has been the average demand for a standard home. The limit allows people to basically take care of their own home's demand for power. Dan said that SESD is not anti-solar. In fact, rooftop solar makes up about .75% of SESD's total annual kwh purchases. Dan informed the group that SESD's circuit study will help determine infrastructure modifications needed to allow even more rooftop solar installation on SESD's system.

Dan then explained why SESD credits \$0.051/kwh for power put back on the grid when SESD is paying sometimes much more than that amount for power from its wholesaler. Dan said that rooftop solar produces only about 20% of the time, and it is usually not producing during SESD's peak load hours between 4:00 p.m. – 11:00 p.m. As a result, rooftop solar is not as valuable to SESD's resource mix as a baseload resource that produces 24/7/365. Dan also mentioned that SESD's \$0.051/kwh credit is the same as or comparable to what SESD pays for its other renewable (hydro, wind, and solar farm) resources. Dan then reiterated that customers may see a greater benefit from their solar panels if they also install batteries and draw on their batteries during the peak evening hours.

**SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT  
PUBLIC MEETING  
May 17, 2023**

(continued)

**Brent Gordon made a motion seconded by Richard Behling to approve and accept the FY24 budget, as presented. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

**POWER COST ADJUSTMENT (PCA)**

**MOTION to approve the PCA**

Mark Holdaway presented the proposed PCA wording. The objective is to keep the district whole.

**Richard Behling made a motion seconded by Kenny Seng to approve and accept the rewording of the PCA calculation. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

Justice Morris asked how the new power cost adjustment (PCA) will be calculated. He expressed concern that it would be based on a whim, that it may not be used to strictly cover power costs. Mark Holdaway said that SESD's rates allocate \$0.09431/kwh to power costs. When the price of power comes in higher than that, SESD must add in the difference between the cost of power and \$0.09431/kwh to stay whole. Mark explained that the proposed PCA will now be calculated on the current month's power costs rather than on a running average of the past three months' power costs. Brent Gordon also acknowledged that the new PCA calculation may even result in a negative PCA if power costs were to suddenly decrease dramatically.

Joel Brown assured everyone that SESD is doing everything it possibly can to find reliable, affordable power resources. Joel also explained that the whole power industry is trying to accommodate the dramatic increase in electric vehicle use and mandates to use electric appliances. All while trying to find affordable baseload resources with the closure of fossil-fuel generation. Not to mention that the current infrastructure is unable to handle the forecasted increase in demand. Brent Winder mentioned that small modular nuclear reactors (SMR's) are receiving a lot of attention. He said they will probably be the best non-carbon emitting baseload power resource once they come online; however, it will still be five to seven years before they are producing electricity. The power industry must struggle until then to provide affordable, baseload, non-carbon emitting energy. The group expressed hope for better hydro generation due to the winter storms and cool, wet Spring. There was also agreement that regulatory streamlining could bring SMR's to the market faster.

Dan Ellsworth told everyone that SESD gets around 45% of its power from natural gas during peak power use times and about 60-65% of its power from natural gas during shoulder months. Dan then talked about natural gas contracts and the role they play in power pricing. The longer the contract, usually the better the pricing. Dan mentioned that some utilities try to speculate on gas prices with their contracts, but SESD has always tried to avoid such speculation. Dan also reminded everyone that as a public utility, SESD is also unable to take advantage of tax credits. Dan then mentioned that SESD is looking into the possibility of using gas powered mobile internal generators (MIG's) to shave some of its peak load in the evening hours. Other utilities in the area are exploring their use as well. Joel Brown restated that the market price of gas is a significant factor in the power price from the Nebo Power Plant.

**SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT  
PUBLIC MEETING  
May 17, 2023**

(continued)

Someone from the public asked if SESD has considered selling its power system to a larger entity like Rocky Mountain Power. Joel Brown acknowledged SESD may have to consider that option at some point. Joel also pointed out that SESD’s customers own the District and therefore have a say in its operation; customers would not have that same opportunity if owned by an investor-owned utility. Brent Winder pointed out that SESD does not want to sell out of desperation. Brent acknowledged that an investor-owned utility may have cheaper resources, but that benefit can come at the cost of good service in privately-held, profit-driven corporations.

**ADJOURNMENT**

**Nelson Abbott made a motion to adjourn the meeting.**

**Joel Brown adjourned the public meeting at 6:50 p.m.**

\_\_\_\_\_  
Ray Loveless, Chairman

\_\_\_\_\_  
Mark Holdaway, Clerk

\_\_\_\_\_  
Date Approved

\_\_\_\_\_  
Date Approved

**Next Meeting Date**

The next scheduled meeting will be a regular board meeting held on Tuesday, June 13, 2023 at 11:00 a.m.