

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING October 11, 2022

South Utah Valley Electric Service District (SESD) held its regular Board Meeting on Tuesday, October 11, 2022 – at 11:00 a.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 (joined at 11:05 a.m.)

Also Present: Brook Christensen, Dan Ellsworth, and Mark Holdaway – SESD Jens Nielson, Attorney at Law – Wasatch Land & Title/Law

Ray Loveless welcomed everyone and called the meeting to order at 11:00 a.m. Jens Nielson offered a prayer and Brent Gordon led the group in *The Pledge of Allegiance*.

PUBLIC FORUM

No public present.

APPROVE BOARD MEETING MINUTES

MOTION to approve the September 13, 2022 board meeting minutes.

MOTION to approve the September 28, 2022 Public Hearing meeting minutes.

Kenny Seng made a motion seconded by Richard Behling to approve the September 13, 2022 board meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

Nelson Abbott made a motion seconded by Brent Gordon to approve the September 28, 2022 Public Hearing meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, and Kenny Seng approved the motion.

FINANCE COMMITTEE

Richard Behling reviewed the September 2022 Disbursements & Expenses report.

MOTION to approve the September 2022 Disbursements & Expenses.

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

Richard Behling reviewed the September 2022 Financial Reports, reporting that 25% of the fiscal year had elapsed yet power purchases were 33.71% of budget. Richard stated that power revenues were not covering the inflated cost of power purchases.

Mark Holdaway explained that he was using other revenue line items (i.e., new construction, project impact fees, etc.) in the budget to supplement power revenues. Mark reported that there has been a shortfall of approximately \$67K each month in FY 2023.

Ray Loveless stated that the shortfall is not sustainable and recommended that the Finance Committee review the UFS Rate Study recommendations and propose a future plan of action.

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FINANCE COMMITTEE (continued)

MOTION to accept the September 2022 Financial Report.

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

RESOURCE COMMITTEE

Joel Brown stated that the Resource Committee met to discuss operations and resource allocation and acquisition. Joel reported that the committee also reviewed the power costs and financial reports.

AUGUST 2022 OPERATIONS REPORT

Ray Loveless presented and reviewed the power purchases for August 2022.

Ray Loveless also provided an update on future resource acquisition. (see UAMPS Report below)

MOTION to accept the August 2022 Operations Report.

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

EXECUTIVE COMMITTEE

Ray Loveless reported that the Executive Committee met this morning prior to the board meeting. Ray stated that the committee reviewed the Disbursements and Expenses, Financial Reports, and Operations Report.

PUBLIC POWER – LATEST NEWS AND INSIGHTS

Ray Loveless stated that he added the “*Public Power*” agenda item to encourage board discussion of trends and industry insights.

UAMPS REPORT

Electrical energy Resource Discussion

Ray Loveless provided an overview of recent dissolution and future acquisition of UAMPS resources. Ray stated that San Juan coal generation has stopped and the cost of natural gas generation at the Nebo power plant will continue to increase in response to the world energy market and its volatility due to the war in Ukraine. Ray reported that the Steel 1A & 1B solar projects are expected to come on-line in early and late 2023, respectively, with SESD subscribed for 2MW. Ray stated that the Muddy Creek resource is still 2-3 years away from production. Ray reported that UAMPS is looking for additional resources and is actively pursuing member-generated resource to bridge the gap and prevent excessive open-market purchases.

UAMPS SmartEnergy Program

Ray Loveless provided an overview of the UAMPS *SmartEnergy* program stating that about half of the UAMPS members participate in the rebate program.

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UAMPS REPORT (continued)

UAMPS SmartEnergy Program (continued)

SESD Energy Efficiency funds and promotion efforts

Mark Holdaway reviewed the results of his SESD Energy Efficiency program audit stating that the program had fairly consistent participation from 2009-2014, with a significant decrease in customer involvement after SESD opted out of the lighting rebate options in February 2015. Mark reported that SESD has encouraged energy efficiency and conservation through several district-initiated programs including the Enerlyte Conservation web portal, Energy Audits, billing history energy consumption comparisons, and season-based tips on the SESD website. Mark reported that SESD still has funds available in an account with UAMPS earmarked for rebates related to the *SmartEnergy* program; he stated that SESD customers can continue to receive rebates according to the program parameters until the funds are exhausted.

CREDA REPORT

Ray Loveless reported that the outlook is grim for the Colorado River, Lake Powell, and the Glen Canyon Dam. Ray stated that continued drought will lower water levels below minimum power generation requirements, further reducing available resource and forcing those entities dependent on Glen Canyon to purchase from the open market while seeking to acquire or develop new resource.

SUVPS REPORT

Brent Gordon stated that the Nebo Power Plant is shutdown through the end of November for its semi-annual maintenance and repairs. Brent reported that the SUVPS Bond Committee had been formed. He also reported that the SUVPS requested RMP tap on the 138 kv line would cost about \$1.4M. Brent stated that a turkey vulture on an insulator in the P Mountain area had caused a system outage on September 15, 2022.

Mark Holdaway reported that there will be difficulties with acquiring the SUVPS bond due to the fact that several of the SUVPS members are in litigation.

POWER SYSTEM REPORT

Outage Report

Brook Christensen reported that there were a few outages caused by wildlife; he stated that bird outages are often seasonal, occurring more frequently in the fall. Brook also reported that there were a few small outages due to the wind and rainstorms. Brook stated that there was an outage in Covered Bridge with a direct-bury primary line next to a water main; he reported that, thankfully, no one was injured and emphasized the importance of enforcing the current standard that requires conduit.

LEGAL UPDATE

Brook Christensen stated that Payson City is in the process of writing their first draft of the 1998 Settlement Agreement specifically related to the Chad Staheli / Goosenest area.

Mark Holdaway reported that he, Brook Christensen, and Ryan Bagley met with Lone Peak to review the 421 evaluation and estimates. He stated that the final review and accompanying numbers will be provided to the board and then officially presented to the cities by the October 31, 2022 deadline.

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(continued)**

CLOSED SESSION - UT Code 52-4-205(d)
No closed session.

ADJOURNMENT
Joel Brown made a motion to adjourn the meeting.
Ray Loveless adjourned the meeting at 12:45 p.m.

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date
The next board meeting will be held on Tuesday, November 8, 2022 beginning at 11:00 a.m.