

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING January 10, 2023

South Utah Valley Electric Service District (SESD) held its regular Board Meeting on Tuesday, January 10, 2023 - 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 (joined the meeting at 11:08 a.m.), and Brent Winder.

Also Present: Ryan Bagley, Brook Christensen, Dan Ellsworth, Jennifer Hatcher, and Mark Holdaway - SESD
Shane Ward-- Mt. Pleasant City Power

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

PUBLIC FORUM

No public present.

APPROVE BOARD MEETING MINUTES

MOTION to approve the November 8, 2022 Board Meeting minutes.

Richard Behling made a motion seconded by Nelson Abbott to approve the November 8, 2022 Board Meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, and Brent Winder approved the motion.

MOTION to approve the November 22, 2022 Special Board Meeting minutes.

Brent Winder made a motion seconded by Joel Brown to approve the November 22, 2022 Special Board Meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, and Brent Winder approved the motion.

MOTION to approve December 6, 2022 Board Meeting minutes.

Nelson Abbott made a motion seconded by Richard Behling to approve the December 6, 2022 Board Meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, and Brent Winder approved the motion.

MOTION to approve December 28, 2022 Rate Hearing minutes.

Richard Behling made a motion seconded by Nelson Abbott to approve the December 28, 2022 Rate Hearing minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, and Brent Winder approved the motion.

FINANCE COMMITTEE

Brent Gordon reviewed the December 2022 Disbursements & Expenses report.

MOTION to approve the December 2022 Disbursements & Expenses.

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

MOTION to accept the December 2022 Financial Report.

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

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FINANCE COMMITTEE

MOTION to approve American Tower Lease Agreement

Mark Holdaway reported that American Tower lost one of its tenants on the cell tower. He stated that several years ago the tower was erected on a 55' x 55' piece of leased SESD property located on the 2 ½ acre plot north of the SESD office. Mark stated that the loss of the tenant would result in American Tower paying SESD approximately \$400 less each month for the use of the property. Mark reported that American Tower offered an alternative to the reduced monthly payment, a long-term 99-year lease for a one-time payment to SESD of \$489,600.00. Mark stated that after reviewing the lease terms with Jens Nielson, SESD's legal counsel, and with the members of the Finance Committee, the recommendation is to accept the one-time payment and sign the long-term lease agreement.

Kenny Seng made a motion seconded by Joel Brown to accept and sign the American Tower long-term lease agreement. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Mark Holdaway requested that all trustees remain for a few minutes after the board meeting as the American Tower Lease Agreement requires all seven trustees' signatures.

Solar Policy Discussion

Ray Loveless stated that during the Public Hearing on December 28, 2022 Nelson Abbott suggested that in conjunction with increasing our rates, the amount that we pay solar customers for their excess generation should also be increased.

Mark Holdaway stated that the current solar policy and credit rate of \$.051/kWh was established in May 2021. Mark explained that all solar customers receive two bills: one for their base charges – covering the cost of operating and maintaining the power grid, and another for their usage and excess generation. Mark reported that several SESD customers with solar requested a policy change during the Public Hearing; solar customers would like SESD to increase the KW maximum from 10 KW to 25 KW and increase the rate paid for excess power generation (no specific rate was mentioned).

Brook Christensen provided an overview of other power entity's solar policies stating that SESD's credit for excess generation is greater than that given by Rocky Mountain Power and SESD's 10 KW limit is comparable to several of the neighboring municipalities. Brook stated that cities that allow larger systems have installation fees and monthly reoccurring charges associated with the request for larger systems.

Nelson Abbott suggested that the SESD staff review Rocky Mountain Power's solar policy and amend SESD's policy to reflect Rocky Mountain Power's as closely as possible.

Ray Loveless recommended that the SESD staff and the Resource and Finance Committees review Rocky Mountain Power's policy as well as those of the neighboring municipalities and present the board with proposed revisions to the current SESD Net Feed-in-Tariff policy in a future board meeting.

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FINANCE COMMITTEE (continued)
MOTION to approve Rate Increase

Ray Loveless reported that the motion to approve the proposed rate increase was not enacted during the Public Hearing on December 28, 2022 due to uncertainty regarding the board member attendance requirements for passing the motion. Ray reported that Nelson Abbott stated the requirement for a super-majority, or two-thirds of the board, was needed in order to take a vote on the motion. Ray stated that Mark Holdaway and Jens Nielson conferred but were unable to provide a definitive qualifier between a board quorum (more than half of its members) or a super-majority, and that he therefore adjourned the Public Hearing without approving the new rates. Ray further explained that at the end of the Public Hearing, the board stated that another Public Meeting would be held. Ray Loveless stated that SESD had met its Public Hearing requirement with the meeting held in December and that the board could approve the rate increase without holding another public meeting; however, Ray suggested that another Public Meeting be scheduled to keep the commitment made to the customers to hold another meeting before passing the rate increase. Mark Holdaway suggested that the meeting be held on Thursday, January 26, 2023 at 6:00 p.m. and that the rates take effect with the February billing cycle that closes on February 25, 2023 and includes customer usage from January 20th to February 20th 2023.

UAMPS REPORT

UAMPS Resources

CFPP Discussion

Ray Loveless reported that he participated in a special executive session at the most recent UAMPS meeting. Ray stated that the primary concern discussed during the meeting was the increased cost of acquiring and securing future resource. Ray explained that UAMPS and NuScale have negotiated a new agreement and a resolution has been signed with a new budget and plan of finance. Ray stated that the subscription level is still too low, making the project cost prohibitive and difficult for UAMPS to sustain on its own without shared subscriptions. Ray reported that UAMPS has committed to securing a minimum of an 80% subscription rate by the end of 2023. Ray stated that UAMPS is subscribed for 100MWh of the 462MWh project that is expected to go on-line in 2029. Ray explained that the target MWh rate has increased from \$55/MWh in 2018, to \$58/MWh in 2020, and increased again in 2022 to the current target rate of \$89/MWh. Ray stated that \$89/MWh will most likely be the cost for the standard base load going forward. Ray explained that the industry increase has been caused by the current government administration restricting coal powered generation, supply chain disturbances, and unprecedented inflation. Ray reported that SESD's portion of the UAMPS CFPP subscription is 3MW. Ray stated that UAMPS is asking SESD for an updated Cost Reimbursement Agreement that allows for changes to the subscription level through February 17, 2023. Ray Loveless expressed confidence in the project and the key players from NuScale and UAMPS and stated that he is "all in" and recommends that SESD continue with and possibly increases its subscription in CFPP.

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(continued)

UAMPS REPORT (continued)

UAMPS Resources (continued)

CFPP Discussion (continued)

Ray Loveless reported that the Biden Inflation Reduction Act has reduced the overall project cost from \$9.1B to \$4.1B. Ray stated that he will provide all of the trustees with the project documents to review prior to next month's board meeting to be held on the first Tuesday of the month, February 7, 2023. Ray will accept a motion to approve the CFPP Resolution during the February board meeting.

MOTION to approve CFPP Resolution

Tabled until next board meeting.

Nebo Power Plant Update

Ray Loveless reported that power rates from the Nebo Power Plant were \$.11/kWh during the month of November 2022.

Nextera Zions Solar Project

Ray Loveless reported that SESD's subscription to the Nextera Zions Solar Battery Storage Project is 5MWh. He stated that the project is expected to be on-line in 2025 and noted that there are still 2.7MWhs available in the project. Ray recommends that SESD holdfast at the 5MWh subscription level.

MOTION to approve Nextera Zions Solar Study Agreement

Joel Brown made a motion seconded by Kenny Seng to approve the Nextera Zions Solar Study Agreement with an SESD subscription of 5MWh. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Public Power Discussion

Shane Ward from Mt. Pleasant City Power Department, another member of UAMPS, shared a presentation with the board entitled "Standing Up Against a Sellout Threat," detailing his research and experience with an IOU sellout evaluation. Shane stated that during the process, after extensive deliberation he encouraged the Mt. Pleasant City Council to turndown the offer to sell to Rocky Mountain Power.

RESOURCE COMMITTEE

Joel Brown stated that the Resource Committee met to discuss operations and resource allocation and acquisition.

NOVEMBER 2022 OPERATIONS REPORT

Mark Holdaway presented and reviewed the power purchases for September 2022. Mark reported that September was the last month for generation from the San Juan coal plant and that the Nebo Power Plant will not be producing power at 100% capacity until well after the new year.

MOTION to accept the November 2022 Operations Report.

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

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CREDA REPORT

February 2023 meeting in Las Vegas

Ray Loveless stated that he and Richard Behling would be attending the next CREDA board meeting to be held in Las Vegas, NV on February 2-3, 2023.

Drought/Water supply

Ray Loveless reported that the current snowpack and water levels will provide significant drought relief and that the forecasts call for additional above-average snow through the end of the season. Ray stated that ending the season at 150% of normal would fill all of the basin reservoirs.

SUVPS REPORT

Brook Christensen stated that SUVPS would like a Letter of Support from SESD for the USBOR Title Transfer. Brook stated that SUVPS would like the letter by the end of February.

POWER SYSTEM REPORT

Outage Report

Brook Christensen reported that there were a couple of outages due to secondary junction box damage. Brook stated that there were also a few canyon outages related to the recent snowfall. Ryan Bagley reported that during 2022 SESD completed 340 Job Estimates.

LEGAL UPDATE

No update.

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

Ray Loveless stated that a closed session was necessary; the board needed to discuss legal matters that warranted a closed session according to UT Code 52-4-205(d).

At 1:20 p.m. Joel Brown made a motion seconded by Brent Winder to convene into a closed session to discuss legal matters according to UT Code 52-4-205(d).

Ray Loveless asked for a Roll Call Vote: Mark Holdaway conducted the vote.

Nelson Abbott - Y, Richard Behling - Y, Joel Brown - Y, Brent Gordon - Y, Ray Loveless - Y, Kenny Seng - Y, and Brent Winder - Y.

Joel Brown made a motion seconded by Kenny Seng to reconvene the Regular Board Meeting at 3:10 p.m. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Ray Loveless asked if someone would make a motion to adjourn the meeting; there was no other business to discuss.

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(continued)**

ADJOURNMENT

**Nelson Abbott made a motion to adjourn the meeting.
Ray Loveless adjourned the meeting at 3:10 p.m.**

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next scheduled meeting will be a Public Meeting to Discuss 2023 Rates - held on Thursday, January 26, 2023 at 6:00 p.m.

The next regular board meeting will be held on Tuesday, February 7, 2023 beginning at 11:00 a.m. (the first Tuesday in February)