

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT ANNUAL MEETING & MONTHLY BOARD OF TRUSTEES MEETING August 8, 2023

South Utah Valley Electric Service District (SESD) held a regular Board Meeting on Tuesday, August 8, 2023 – at 11:00 a.m. at the SESD office located at 803 N 500 E – Payson, UT.

Trustees Present: Nelson Abbott (joined the meeting at 11:15 a.m.), Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder.

Also Present: Ryan Bagley, Brook Christensen, Dan Ellsworth, and Mark Holdaway – SESD

Ray Loveless welcomed everyone to the meeting and called the meeting to order at 11:05 a.m.

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

2023 ANNUAL MEETING

ELECTIONS & APPOINTMENT OF BOARD OFFICERS

Ray Loveless opened the annual meeting and asked Mark Holdaway to conduct the Board Officer Elections. Mark Holdaway began the Board Officer Elections, asking for nominations for Board Chairman, Vice Chairman, Treasurer, and Board Clerk. Ray Loveless was the only nominee for Board Chairman and was thus appointed as Board Chairman. Joel Brown was the only nominee for Vice Chairman and was thus appointed as Vice Chairman. Brent Gordon was the only nominee for Treasurer and was thus appointed as Treasurer. Mark Holdaway was the only nominee for Board Clerk and was thus appointed as Board Clerk.

2024 BOARD MEETING SCHEDULE

Ray Loveless stated that 2024 Board Meetings would be held on the second Tuesday of each month unless the second Tuesday falls on the 14th. If the second Tuesday falls on the 14th of the month, Board Meeting will be held on the 7th instead.

STATE OF THE DISTRICT

Ray Loveless asked Dan Ellsworth to report on the State of the District. Dan reported that the power industry is trying to adjust to base-load resource changes as it is having to rely more on natural gas-powered generation with the increased closure of coal plants. Dan then mentioned other challenges SESD is working to overcome. In the end, Dan reminded everyone that

STATE OF THE DISTRICT (continued)

SESD has overcome serious struggles in the past. He said SESD will continue to do so as the Board and staff work together in harmony with each other.

Ray Loveless thanked Dan for his report and closed the Annual Meeting.

AUGUST 2021 REGULAR BOARD MEETING

PUBLIC FORUM

No public comment.

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URECA 2023 Youth Leadership Report and Recognition

Ray Loveless invited Jordan Thompson and Brigham Halford to the front of the boardroom to report on their experiences at the 2023 URECA Michael F. Peterson Youth Leadership Conference (YLC). Jordan Thompson reported he was a youth leader this year helping to direct and guide the other participants. Jordan shared some of his favorite experiences and the life-changing principles he learned. Jordan said the most important thing he learned from the YLC was that he could become friends with anyone – he didn't have to stay with just one group of friends; he discovered he could be friends with all different types of people.

Brigham Halford said the YLC put him in many situations that forced him out of his comfort zone. Brigham explained, however, that his confidence grew immensely as he learned to work with other people and discovered ways to successfully complete difficult tasks. Brigham was grateful for the opportunity to attend the YLC this year and is looking forward to returning to the YLC next year as a youth leader.

After giving the Board an opportunity to ask some questions, Ray thanked Jordan and Brigham for their reports and invited them to stay for the rest of the Board meeting. Dan Ellsworth then explained the qualifications for youth to attend the YLC and invited the Board to find youth in their districts to participate next year.

APPROVE BOARD MEETING MINUTES

MOTION to approve July 11, 2023, Board Meeting Minutes

Richard Behling made a motion seconded by Joel Brown to approve the July 11, 2023, Board Meeting Minutes. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion. Nelson Abbott abstained from voting since he was unable to attend the July 11, 2023, Board Meeting.

FINANCE COMMITTEE

Brent Gordon stated that the July 2023 Disbursements & Expense reports were reviewed in committees prior to the Board meeting. Mark Holdaway said he had been asked in one of the committee meetings if the Snell & Wilmer bill included their hours for the hearing held in June. Mark explained that the bill showed hearing preparation hours, but he believed the hours for the hearing itself would be on the next month's bill.

MOTION to approve the July 2023 Disbursements & Expenses.

Brent Gordon made a motion seconded by Brent Winder to approve the July 2023 Disbursements & Expenses. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Brent Gordon reviewed the July 2023 Financial Report. Joel Brown asked Mark Holdaway what effect the rate increase passed earlier in the year was having on SESD's finances. Mark explained that the rate increase has allowed him the necessary revenue to cover SESD's expenses, especially the dramatic increase in power costs.

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FINANCE COMMITTEE (continued)

Joel then asked Mark about the effect of the rate increase on SESD's customers, especially in disconnects for delinquent payments. Mark explained that SESD's office staff give reasonable payment deadline extensions and provide the contact information for government assistance programs to delinquent customers. In addition, the staff make phone calls and arrange for the service crew to leave door tags to contact people before disconnection is made. Mark reported that due to the office staff's efforts, very few disconnections have been made, even after the rate increase.

MOTION to approve the July 2023 Financial Report.

Nelson Abbott made a motion seconded by Brent Gordon to approve the July 2023 Financial Report. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

RESOURCE COMMITTEE

Nelson Abbott reviewed the June 2023 Operations Report. Nelson pointed out that power consumption was less in June 2023 compared to June 2022 largely because of weather. Nelson then stated that some residents in Elk Ridge have asked him if SESD would start publishing the number of kilowatt hours (kWh) purchased each month from rooftop solar. In addition, some people have asked if they could donate their rooftop solar kWh credits to other people for a tax deduction. Ray Loveless recommended the Board and staff examine these requests as they review possible changes to SESD's Net Metering Policy.

EXECUTIVE COMMITTEE

Ray Loveless reported that the Executive Committee met today prior to Board meeting. Ray stated the Executive Committee had no action items for the board at this time.

UAMPS REPORT

CFPP

Ray Loveless reported that Rich Walje, a consultant for the CFPP, has been contacting several entities around the western United States to encourage more subscription in the CFPP. Ray also said that UAMPS is encouraging its members to increase their subscriptions as well. Brent Winder inquired about SESD's financial obligation should SESD decide to exit the project at the next "off ramp". Ray stated the obligation would be calculated closer to the "off ramp" date.

Steel Solar Projects

Ray Loveless reported that due to supply chain issues UAMPS and the developer for the Steel Solar Projects are renegotiating some contract terms.

NextEra Solar/Storage Project

Ray Loveless stated this project is scheduled to be completed sometime in 2027.

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Sunnyside Waste Coal Project

Ray Loveless said the Sunnyside Coal Plant was unable to meet the required power factor and will therefore be removed from UAMPS' project portfolio.

CYRQ Geothermal Project

Ray Loveless reported that UAMPS is exploring possible sites for the project in Nevada.

UAMPS FY 2023 Margin

Ray Loveless told the Board that UAMPS ended FY 2023 with positive margins compared to the budget in most of its projects. As a result, Ray said the SESD Board needs to decide what they want to do with SESD's margin allocation. The Board decided they would retain SESD's margin allocation on account in UAMPS.

MOTION to retain SESD's share of the UAMPS margin from FY 2023

Richard Behling made a motion seconded by Brent Winder to retain SESD's share of the UAMPS FY 2023 margins on account at UAMPS. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

SUVPS REPORT

Brent Gordon reported that SUVPS is conducting engineering studies to learn how to best accommodate system growth in SUVPS. He also said SUVPS is still negotiating a property purchase next to the Rocky Mountain Power Spanish Fork Substation. Brook Christensen summarized an SUVPS meeting he, Brent Gordon, and Mark Holdaway attended on July 12, 2023, to discuss SUVPS member transformation true-up. Brook said some of the members are concerned about true-up costs and the re-distribution formula. Transformation true-up discussions are on hold until these concerns are resolved.

Brook reported that a major windstorm on August 3, 2023, damaged two SUVPS poles in Payson – one by the Suter Substation and the other by Peteetneet. Brook said Payson and SESD crews worked together to triage the poles and restore power. He stated SESD's crews would replace the two poles within the next couple of weeks.

POWER SYSTEM REPORT

Outage Report

Brook Christensen reported that SESD set a new system peak of 20.4 MW the last week of July. Brook then said that the major windstorm on August 3, 2023, blew the roof from a calf shed into an SESD power line near the Saints Peter and Paul Greek Orthodox Temple knocking down some power poles. He stated some other power lines in the West Mountain area were damaged by tree limbs in the same storm. Joel Brown asked if SESD had insurance to cover the lines damaged by the calf shed. Richard Behling stated the calf shed's owner's insurance company should be responsible for the damage. Brook then reported that a few smaller transformers burned up during the last week of July causing some isolated outages.

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LEGAL UPDATE

Payson 1998 Settlement Agreement

Ray Loveless reported that SESD and Payson were ready to sign the Payson 1998 Settlement Agreement. Ray said this agreement will resolve and settle all outstanding disputes between the two parties associated with the 1998 Agreement. Ray stated the Payson 1998 Settlement Agreement requires Payson to pay SESD \$120,000 for all outstanding facility costs related to SESD customers in Payson City 1998 Agreement annexations. Payson will then have until April 30, 2024, to finish connecting all SESD customers within Payson City 1998 Agreement annexations. Richard Behling pointed out that Payson had filed a motion asking the Court to require SESD to reimburse Payson for the underground power line Payson built in the Goosenest area (Payson Goosenest Motion). Richard asked if this motion would be dropped with the execution of the Payson 1998 Settlement Agreement. Richard stated he would not be willing to approve the Payson 1998 Settlement Agreement unless this motion was dropped with all the other 1998 Agreement motions. Brent Winder suggested a phone call with SESD's attorney, Cam Cutler, to confirm that the motion would be dropped with the execution of the Payson 1998 Settlement Agreement. Nelson Abbott concurred that the Payson 1998 Settlement Agreement should only be approved contingent upon confirmation of Payson's Goosenest Motion being dropped.

MOTION to approve the Payson 1998 Settlement Agreement

Richard Behling made a motion seconded by Kenny Seng to approve the Payson 1998 Settlement Agreement contingent upon confirmation that the Payson Goosenest Motion is dropped along with all other 1998 Agreement motions. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Shaw and Grace Service Agreements

Ray Loveless explained that two other agreements needed to be signed in association with the Payson 1998 Settlement Agreement. First, Ray said that an SESD customer, Dan Shaw, is connected to SESD facilities that are being sold to Payson City as part of the Payson 1998 Settlement Agreement, but Dan Shaw's property is located within Elk Ridge City limits. As a result, new SESD facilities needed to be built to continue serving Dan Shaw's property. Ray stated that both Payson and SESD agreed that, instead of SESD building new facilities, Payson would take over Shaw's power service. Ray then asked Brook Christensen to notify Dan Shaw of the agreement and the change of his power service over to Payson City.

Next, Ray explained the second agreement related to the Payson 1998 Settlement Agreement is for the Kevin Grace connection. Ray stated that Kevin Grace lives in a Payson City annexation that takes in a portion of Payson Canyon. Payson has no power facilities close to Kevin Grace and it would be too costly for Payson to build facilities to connect Grace's property. Ray said both Payson and SESD agreed that even though Kevin Grace should be a Payson City customer under the Payson 1998 Settlement Agreement, SESD will continue serving the Grace property. Ray stated SESD and Payson will both save money with the execution of the Shaw and Grace Agreements.

MOTION to approve the Shaw Service Agreement

Kenny Seng made a motion seconded by Joel Brown to approve the Shaw Service Agreement. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

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Legal Update--Shaw and Grace Service Agreements (continued)

MOTION to approve the Grace Service Agreement

Nelson Abbott made a motion seconded by Brent Gordon to approve the Grace Service Agreement. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Salem 1998 Settlement Agreement

Ray Loveless reported that SESD and Salem were ready to sign the Salem 1998 Settlement Agreement. Ray said this agreement will resolve and settle all outstanding disputes between SESD and Salem associated with the 1998 Agreement. Ray stated the Salem 1998 Settlement Agreement requires Salem to pay SESD \$162,000 for all outstanding facility costs related to SESD customers in Salem City 1998 Agreement annexations. Salem will then have 60 days from the agreement execution date to finish connecting all SESD customers within Salem City 1998 Agreement annexations. Salem will pay SESD \$500/month per customer SESD still serves in a Salem City 1998 Agreement annexation after the 60-day connection period. Ray thanked all those involved in the negotiations of the two agreements.

MOTION to approve the Salem 1998 Settlement Agreement

Nelson Abbott made a motion seconded by Brent Winder to approve the Salem 1998 Settlement Agreement. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

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

Ray Loveless requested a closed session to further discuss other legal matters.

Brent Winder made a motion at 12:50 p.m. seconded by Richard Behling to enter a closed session. Ray Loveless asked Mark Holdaway to conduct a roll-call vote: Nelson Abbott - Y, Richard Behling - Y, Joel Brown - Y, Brent Gordon - Y, Ray Loveless - Y, Kenny Seng - Y, and Brent Winder - Y.

Ray Loveless left the closed session at 1:50 p.m. and asked Joel Brown to finish conducting the meeting.

Nelson Abbott made a motion at 1:52 p.m. seconded by Brent Gordon to conclude the closed session and reconvene the regular board meeting. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Joel Brown asked the Board if anyone had any other concerns with the Payson 1998 Settlement Agreement now that confirmation had been received that the Payson Goosenest Motion would be dropped upon execution of the agreement. No one voiced any other concerns.

ADJOURNMENT

Nelson Abbott made a motion seconded by Brent Winter to adjourn the meeting. Joel Brown adjourned the meeting at 1:53 p.m.

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Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next scheduled Board meeting will be the regular monthly Board meeting to be held on September 12, 2023 at 11:00 a.m.