

DRAFT

# SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING May 9, 2023

South Utah Valley Electric Service District (SESD) held its regular Board Meeting on Tuesday, May 9, 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, and Brent Winder.

**Also Present:** Brook Christensen, Dan Ellsworth, Jennifer Hatcher, and Mark Holdaway - SESD

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

## PUBLIC FORUM

Steve Anderson asked to participate in the board discussion related to item 6a on the agenda: The West Mountain Fiber Project.

## APPROVE BOARD MEETING MINUTES

MOTION to approve the April 11, 2023 Board Meeting minutes.

**Joel Brown made a motion seconded by Nelson Abbott to approve the April 11, 2023 Board Meeting minutes. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

## FINANCE COMMITTEE

Brent Gordon reviewed the April 2023 Disbursements & Expenses.

MOTION to approve the April 2023 Disbursements & Expenses.

**Brent Gordon made a motion seconded by Kenny Seng to approve the April 2023 disbursements & expenses. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

Mark Holdaway reviewed the April 2023 Financial Report.

MOTION to accept the April 2023 Financial Report.

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

MOTION to release FY 2023 Amended Budget for public review.

**Brent Gordon made a motion seconded by Kenny Seng to release FY 2023 Amended Budget for public review. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

MOTION to release FY 2024 Proposed Budget for public review.

**Kenny Seng made a motion seconded by Joel Brown to release FY 2024 Proposed Budget for public review. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

Mark Holdaway stated that the Public Hearing will be held on Wednesday, May 17, 2023 at the SESD offices beginning at 6:00 p.m.

# SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING

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(continued)

## RESOURCE COMMITTEE

### March 2023 Operations Report

Mark Holdaway reviewed the March 2023 Financial Report.

**MOTION** to accept the March 2023 Operations Report.

**Joel Brown made a motion seconded by Brent Winder to accept the March 2023 Operations Report. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

### Net Metering Policy Update

Joel Brown reported that the Resource Committee discussed the current Net Metering Policy and customer and solar company proposed changes.

Dan Ellsworth reported that since its inception in 2007, SESD has the highest percentage of solar to customer base than any other UAMPS member. Dan reported that SESD's initial policy limiting system size to 5KW was designed to allow all SESD customers the opportunity to install solar panels should they choose to do so. Dan stated that the decision to increase the cap to 10KW was based off of the increase in the average residential load and numerous requests from SESD customers to allow more distributed generation. Dan reported that the current push to increase the solar system size cap to 25KW is coming primarily from the solar companies; however, he stated that several customers have inquired about the option to install larger systems. Dan stated that despite the solar companies and customers' claims that they simply want larger systems to off-set their own power consumption, their focus not only on the increased system size, but also on an increased credited cost per kWh leads him to believe that their motivations are most certainly twofold. Dan also stated that the widespread perception is that only wealthy customers can afford solar panels and that the current industry policies tend to subsidize the elite customers' solar generation with across-the-board regulations or stipulations carried on the backs of customers who are put at a disadvantage because they cannot afford costly solar panel installations, yet they pay a price for their neighbors to have that luxury.

Brook Christensen stated that a system study would provide SESD with unbiased information on capacity and other key factors to determine appropriate numbers for inclusion in the revised policy. Brook projected that it would take about 30-45 days for system study completion.

Nelson Abbott stated that in addition to revising the policy, SESD needs to educate its customers about the basics of solar to ensure that each individual is aware of how their solar system operates and integrates with SESD's power grid and infrastructure.

Richard Behling stated that he would like to see solar system size determined equitably on a case-by-case basis according to the customer's actual power usage. Richard stated that aligning the system size to the load would be an unbiased calculation and allow all customers to install enough solar for their own personal consumption.

Brent Winder stated that he would like to see a policy that can stand on its own, where no customer is subsidizing any aspect of another's consumption, generation, or power rates.

Ray Loveless asked that Net Metering Policy Update remain a topic for discussion included on future board meeting agendas until the system study is complete and final revisions of the current policy can be reviewed and approved by the board during a public meeting.

# SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING

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## EXECUTIVE COMMITTEE

Ray Loveless asked Mark Holdaway to share his findings after discussing the West Mountain Fiber Project with the Utah State Broadband Grant Coordinator.

Mark Holdaway stated that the conclusions from his discussion with the state grant representative were that: 1. SESD would not be blacklisted, disqualified, or prevented from receiving future state grants for broadband or other projects should SESD decide to backout of the current West Mountain Fiber grant agreement, and 2. SESD would lose out on benefits that might result from the project, should the project go forward with another entity. With the state's focus on rural broadband installations, it is unlikely that the project area would remain dormant and available, should SESD desire to reinstate a similar project in the future.

Steve Anderson stated that he would like to offer a stop-gap solution to benefit SESD and possibly move the West Mountain Fiber Project forward. Steve asked the SESD trustees, "What is the end goal or overall objective of the project? What is SESD's vision?"

Ray Loveless stated that the initial motivator for fiber was to install SCADA for AMI smart meters. He reported that the initiative became two-fold, adding fiber connection revenue, when SESD partnered with CentraCom to build the system in Elk Ridge. Ray stated that the projected revenue results for the Elk Ridge fiber connections have not been met.

Brent Gordon stated that with CentraCom's recent project track record in Elk Ridge, partnering with CentraCom on the West Mountain Fiber Project would be a poor financial decision.

Ray Loveless expressed his concern with advancing technologies surpassing fiber internet, reducing potential market share and limiting SESD's ability to recoup to-date outlaid costs of approximately \$455,000 for design, engineering, and the quickly inflating future project costs that will not be reimbursed by the grant although they will exceed the financial scope of the original grant application.

Steve Anderson agreed with Ray, stating that the internet market is rapidly evolving and where fiber used to be the *end-all-be-all* of internet connections, that is no longer the case. Steve stated that the market has diversified, and the likelihood is that it will continue to do so, eventually making fiber connections obsolete, or at the very least, antiquated. Steve cautioned that the simple geographic scope of the West Mountain project is daunting, stating that in his professional opinion, SESD would need to designate a full-time, multiple-employee fiber team to project development, installation, and marketing efforts in order to have any chance of achieving profitability and success in the internet provider market.

Nelson Abbott stated that SESD is not an internet provider and that providing its customers with safe, reliable power at reasonable rates should be the district's top priority and its only objective.

**MOTION to move forward / not move forward with West Mountain Fiber Project.**

**Richard Behling made a motion seconded by Kenny Seng to discontinue the West Mountain Fiber Project. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

Ray Loveless suggested that discussions with Mark Holdaway, the Utah State grant coordinator, Steve Anderson, Brook Christensen, Ryan Bagley, FiberTel, and CentraCom continue, with an objective to devise a no-cost to SESD solution for discontinuing its involvement in the West Mountain Fiber Project and determine the next steps to facilitate a successful transfer of the project to another entity and possibly recoup some of SESD's costs for project engineering.

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## UAMPS REPORT

### UAMPS Resources

Ray Loveless reported that the panel import problems delaying the Steel 1 and Steel 2 projects have been resolved and the projects are estimated to be operating by Spring 2024. Ray stated that there have not been any significant changes in status related to the CFPP; site construction in Idaho continues in earnest and UAMPS is still soliciting potential subscribers. Ray reported that several members of UAMPS are pursuing MIG installation to bridge the resource gap during peak load. Dan Ellsworth supports the initiative and would encourage collaboration between members of UAMPS and Springville City to mitigate an extreme financial burden being placed on one entity.

**MOTION** to ratify Revised Lock-in Transaction Confirmation Firm Power Supply

**Richard Behling made a motion seconded by Nelson Abbott to ratify the Revised Lock-in Transaction Confirmation Firm Power Supply. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

Ray Loveless informed the board that, if there were no objections, he would be accepting the annual \$500 UAMPS donation to benefit the district's city celebrations.

### Public Power / Current Events Discussion

Nelson Abbott reported that citizens in Europe have embraced recent innovations and revolutions in the energy industry. Nelson recommends that UAMPS members fill the open subscriptions in CFPP to allow the project to move forward and satisfy the exponentially increasing resource demand for future generations.

## CREDA REPORT

Ray Loveless stated that he and Richard Behling attended the quarterly CREDA meeting in Salt Lake City; he reported that the majority of the meeting was focused on federal regulations and the responses required for CREDA coordination or compliance.

Ray Loveless reported that there were discussions regarding resurrecting the Diamond Fork Hydro Power Project.

## LEGAL UPDATE

Discussed during the closed session.

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

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

**At 1:10 p.m. Nelson Abbott made a motion seconded by Brent Gordon to convene into a closed session to discuss 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.**

# SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING

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(continued)

## CLOSED SESSION (continued)

**Nelson Abbott made a motion seconded by Kenny Seng to reconvene the Regular Board Meeting at 1:45 p.m. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.**

## SUVPS REPORT

Ray Loveless reported that he attended the SUVPS meeting in Brent Gordon's absence. Ray stated that the primary topics of discussion dealt with financials, including the approval of the FY 2024 budget and securing the bond for the future projects outlined in the recent SUVPS System Study. Ray reported that some members of SUVPS indicated that there were conflicts between the SUVPS board representative and the entity's council or finance department.

Brook Christensen clarified that the problems were related to poor communication.

Nelson Abbott recommended that the complete SUVPS Board Meeting Packet be shared with all city mayors, council members, and SUVPS member boards to ensure the information regarding financial commitment is received and agreed upon.

Ray Loveless agreed with Nelson and suggested that SUVPS's Blake Anderson and Craig Michaelis attend each SUVPS member council or board meeting to share details of project plans and associated costs to ensure knowledge, awareness, approval, and financial commitment from all SUVPS members.

## POWER SYSTEM REPORT

### Outage Report

Brook Christensen reported that there was an outage due to a lightning storm and informed the board that one of the customers involved in the outage may be submitting a claim for damages. Brook clarified that he spoke with the customer and explained that the outage was due to an act of God or force of nature and the claim would likely go unpaid.

Ray Loveless reminded the trustees that there are three seats up for election in November, Districts 1, 2, and 3, and that interested persons must declare candidacy through the SESD office between June 1-7, 2023. Ray also mentioned that the annual meeting would be held in July and during that meeting, trustees will be asked to elect a board chairman, vice chairman, and treasurer to serve for the upcoming fiscal year.

DRAFT

**SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT  
BOARD MEETING**

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(continued)

ADJOURNMENT

**Nelson Abbott made a motion to adjourn the meeting.  
Ray Loveless adjourned the meeting at 2:05 p.m.**

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Ray Loveless, Chairman

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Mark Holdaway, Clerk

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Date Approved

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

**Next Meeting Date**

A Public Meeting and Budget Hearing will be held at the SESD office on Wednesday, May 17, 2023 beginning at 6:00 p.m.

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