



HURRICANE CITY

UTAH

Mayor
Nanette Billings

City Manager
Kaden C. DeMille

Power Board
Mac J. Hall, Chair
Jerry Brisk
Pam Humphries
Dave Imlay
Joseph Prete
Charles Reeve

The Hurricane City Power Board met on December 6, 2023, at 3:00 p.m. at the Clifton Wilson Substation on 526 W 600 N.

In attendance were Mac Hall, Pam Humphries, Charles Reeve, Dave Imlay, Joseph Prete, Scott Hughes, Brian Anderson, Mike Ramirez, Jared Ross, Nanette Billings, Dayton Hall, Fred Resch, Crystal Wright, Bruce Zimmerman, and Linda Zimmerman.

Mac Hall welcomed everyone to the meeting. Dave Imlay led the Pledge of Allegiance and Charles Reeve offered the prayer. Charles Reeve motioned to approve minutes from the November 2023 meeting. Dave Imlay seconded the motion. Motion passed unanimously.

Scott Hughes: Scott Hughes reported the employees are doing great. We are beginning the process of getting approval to start a couple new apprenticeships.

Brian Anderson: Brian Anderson reported that the 1150 West reinsulating project is complete except for one last pole. The crews worked together to decorate for Christmas. They installed the Christmas tree at the Community Center as well as the street crossings. We also participated in Hotline School. Three employees were teaching and an additional four were participating.

Mike Ramirez: Mike Ramirez reported power was installed in the 700 West Roundabout and many other smaller projects were completed as well. There was a lot of coordination again between the Line and Service Crews for various projects this month.

Jared Ross: Jared Ross reported on the progress at the Three Falls Substation. One employee is working on wiring, while someone else is working on excavation work that still needs to be finished. The Line Crew came down to help seal the outside of the North and West side of the block wall with tar. We're also continuing to install the bussing. He then gave an update on Generator #5. He got a report from Caterpillar. They claim there was some fire damage to the generator. There isn't any damage to the windings or anything. He looked at the pictures and he recalled an arc flash that happened at one point. He hasn't received any updates regarding pricing or date of completion. His best guess would be January or February 2024 as tentative.

Budget: Scott Hughes reported on the normal monthly graphs and numbers. Reviewed the budget graphs showing cost of sales vs revenue and the operating margin from last month. The graphs weren't updated for this month because October's financial statements aren't complete. Joseph Prete asked how much of our reserve was used and needs to be replenished. Scott Hughes replied that he was going to be very general because a lot of factors go into it, but we were somewhere in the neighborhood of \$14 million in reserves. We're down approximately \$7 million in the last three years, which is what we would need to replenish to get back to a healthy bond rating. Dave Imlay wanted to add that the number of employees has been the same for



the last 4-5 years. We were able to have that operating margin, but in the last 4-5 years our customer base has increased which increases the revenue base, but the cost of power has eaten away the operating margin, so the budget is being balanced on the back of the employees who are being overworked because the margin isn't there to hire more employees. He cautioned that situation can only happen for so long and must be carefully balanced to ensure that you can hire more employees due to the increased customer base while still being able to maintain an operating margin sufficient to replenish reserves.

Capacity Update: Scott Hughes provided an update that the purchase order has been submitted to complete the engineering. Payments have been received by all developers. As soon as engineering comes back, we will begin ordering equipment and get the project started. The contract allows two years for project completion. This will be done as we're able to work it in among other projects, not all in one chunk. Nanette asked where this project will be installed. Scott Hughes answered that we will be starting with the southern section of this project and working northward. It begins approximately 3100 South with a line extension and then upgrades existing lines north of that after the extension is completed. Joseph Prete asked if there are any plans to bring power lines down 1500 West. Scott Hughes replied that it is one option that has been discussed to bring additional distribution lines down to the area. Scott Hughes then pulled up a map and explained each of the phases of the capacity project. Joseph Prete asked how the developers included were chosen. Dayton Hall explained the developers were contacted based on the order of their preliminary plats that were approved. Prior to the acquisition of the Sky Ranch Area assets, that section of line didn't belong to us, and we couldn't use it for development or planning. That acquisition has changed things as far as being able to utilize those as a closer power source to some of these areas we've been discussing. Nanette Billings provided information regarding a grant Hurricane City was awarded to help with some of the water infrastructure needs our city has been struggling with.

Update regarding Sky Ranch Area assets: Scott Hughes included this as part of the previous agenda item.

Discussion and possible recommendation to the City Council regarding a resolution authorizing a tax certificate and agreement for UAMPS' Payson Power Project; and related matters: Scott Hughes reported the option of a prepaid natural gas agreement that will help with financing to help get a discount on the gas purchased for Nebo. The specifics get complicated; however, the basics are that Southeast Energy Authority will issue bonds for the money to pre-pay for a big chunk of gas. It will be a 5-year purchase of gas. They will be using the tax-free status of the municipalities who will wheel the resulting power to residents to allow eligibility to eliminate the tax on the interest of the bonds. Pam Humphries asked a lot of questions about how the bonds worked. There was a long discussion about some of the specifics regarding how the bond works. Dave Imlay and Mac Hall asked if the gas was a fixed price or if it follows the market. Scott Hughes stated he will ask for an answer to that question and report back. Dave Imlay made a motion to recommend approval by the City Council. Charles Reeve seconded the motion. Dave Imlay, Charles Reeve, Mac Hall voted aye. Pam Humphries voted no. She wanted to note she didn't understand it well enough to make a recommendation right now. Joseph Prete abstained.

Discussion and update on solar projects: Scott Hughes replied that the resource outlook shows more solar opportunities than just about any other resource. Steel Solar is a project we are participating in. It will be coming online in the first quarter of 2024. We have submitted interest in the NextEra Zion project. It is in Iron County and is a solar project with batteries. Long Road Fremont Solar with storage is also in Iron County, UT and is a new project that is soliciting interest. Long Road Fremont Solar looks like it will be similarly priced to Zion Solar. These projects are coming through UAMPS, but there's a local company that has approached us

individually. This company has approached us with an interest in working with us on a solar and battery project locally. This is very preliminary but is interesting because it's local and we wouldn't have to worry about transmission or wheeling power across anyone else's lines. Dave Imlay stated Scott Hughes has a good finger on our resource needs. He trusts him to go with his experience and make those decisions.

UAMPS Updates: Scott Hughes reported an update for Pooling Appendix Member Internal Generation (MIG). UAMPS has a new employee who has a lot of experience in the imbalance markets. They have looked at pooling MIG resources and we have officially signed up to participate in that. This would allow us to use our generators to help the UAMPS group overall as well as ourselves. Discussion about the Hurricane/UAMPS Joint Use Agreement. The area out by Industrial Park/Purgatory is really exploding with growth and projects. Scott Hughes pulled up maps of this area to describe the issues happening. This agreement would allow Hurricane to use a UAMPS transmission line in this area to build a distribution circuit underbuilt on that line. Dave Imlay suggested to read the existing contract to remember the current terms and Scott Hughes stated we may need to do an audit of our city to find out which poles we're attached to UAMPS and which, if any, poles that UAMPS may be attached to ours. We are moving forward with this agreement. He'll bring a copy of the final terms to the board when he receives it.

Power Board adjourned at 5:00 p.m. The next Power Board Meeting is scheduled for January 3, 2024, at 3:00 p.m.
