

20
19 | **ANNUAL REPORT**
SAN MIGUEL POWER ASSOCIATION, INC

**THE NEW
REALITY**



SAN MIGUEL POWER ASSOCIATION

A Touchstone Energy® Cooperative 



SAN MIGUEL POWER ASSOCIATION

A Touchstone Energy® Cooperative 

NUCLA

170 W. 10th Ave., P.O. Box 817, Nucla, CO 81424

970-864-7311 ▶ TOLL FREE 1-877-864-7311

RIDGWAY


720 N. Railroad St., P.O. Box 1150, Ridgway, CO 81432


970-626-5549 ▶ TOLL FREE 1-800-864-7256

BOTH OFFICES OPEN

Monday - Thursday ▶ 7:00 a.m. - 5:30 p.m.

ONLINE

 www.facebook.com/SanMiguelPower

 www.smpa.com

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OUR MISSION

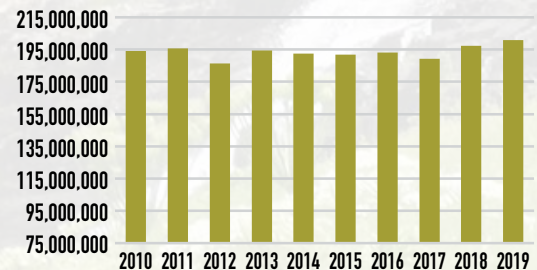
It is the mission of San Miguel Power Association, Inc. to demonstrate corporate responsibility and community service while providing our members with safe, reliable, cost effective and environmentally responsible electrical service.

Notice of the Cancellation of the Annual Meeting of San Miguel Power Association

The 81st Annual Meeting of Members was canceled by the San Miguel Power Association (SMPA) Board of Directors amid efforts to eliminate large gatherings and help prevent the spread infectious disease. The meeting's four main purposes were accomplished in other ways:

- 01 The election of a director to the Board of Directors for District #1 (Parts of Montrose, San Miguel, Ouray and Dolores Counties including Basin, Bedrock, Naturita, Nucla, Paradox, Redvale and Slick Rock). Incumbent, Doyleene Garvey ran unopposed and was deemed elected by an independent election monitor.
- 02 The election of a director to the Board of Directors for District #4 (Parts of Montrose, Ouray and San Miguel Counties including Colona and portions of Log Hill Village and Telluride.). Candidate Tobin Brown ran unopposed and was deemed elected by an independent election monitor.
- 03 The reports of Officers, Directors and Committees. These are published in this Annual Report and may be included in the online "Message to Members" video, accessible at the **SMPA YouTube Channel**.
- 04 Any other business that may properly come before the meeting. Any member wishing to ask questions about these reports may email our Chief Executive Officer at brad@smpa.com.

SMPA AT-A-GLANCE



Dear Members,

“Welcome to the new reality.” That’s a phrase we’re beginning to hear a lot these days. Whether it’s in reference to a global pandemic, a rapidly changing industry or an increasingly fragile economy, it’s a sentiment that seems foreboding and grim. But as we look back at the year that preceded—perhaps—the greatest upheaval in modern history, we can see the story of a dynamic people, moving into the future with purpose.

Even before the global threat of the coronavirus, 2019 offered financial challenges to San Miguel Power Association (SMPA) and its communities. SMPA announced plans to move forward with the single most expensive system reliability upgrade in its eighty-year history. The Red Mountain Electrical Reliability and Broadband Improvement Project will address unceasing attacks by mother nature by replacing aging electrical infrastructure with a design that takes advantage of the topography. This will protect electrical service to our fastest-growing communities in Ouray County.

SMPA’s wholesale power provider, Tri-State Generation and Transmission (Tri-State), was impacted by prospects of new oversight and by state legislation dictating steep greenhouse gas emissions reductions in the near future. In response, Tri-State revealed their Responsible Energy Plan which included the closure of all coal-burning generation resources in Colorado, as well as plans to install new renewable generation facilities across the state.

Our communities on the West End of Montrose county experienced job losses due to the closure of the Nucla Power Station and nearby coal mine. SMPA engaged Tri-State, the plant-owner, and expressed an expectation that Tri-State would be an active partner in the transition that these communities are experiencing.

Despite all of this, SMPA’s financial position remained strong due to the fact that we diverted revenues in 2019. This acted as a financial shock absorber for 2020. Although the pressure on SMPA’s fixed costs continues to build and rate adjustments may be necessary in the future, SMPA is steadfast in its commitment to maintain rates that are affordable and a rate structure that is fair.

In accordance with its strategic objectives, SMPA published a Request for Proposals from potential future power suppliers. Current provider, Tri-State, was included in all communications. Although the process of selection is extremely involved, our Board is committed to see it through because when it is finished, there will be no doubt that the winning provider will be the best choice for providing safe, reliable, cost-effective and environmentally-responsible electricity.

When COVID-19 hit the SMPA service territory, SMPA responded, first, to protect the health and safety of its members and its employees, and then, to stabilize its own economic security and that of its most vulnerable members. During the public health crisis, SMPA serves its members by connecting those in need with organizations dedicated to help, and by working with its members to keep the lights on throughout difficult circumstances.

So what is SMPA’s strategic focus as it faces the new reality of 2020 and beyond? It is the same as it has been from the beginning; to serve our members, and to partner with our communities as they adapt to whatever challenges come their way. ▶

SMPA At-A-Glance

| | | |
|------------|----|--|
| 14,560 | 📏 | Meters |
| 56 | 👤 | Employees |
| 1,886.43 | 📏 | Miles of Line |
| 7.71 | 📏 | Meters Per Mile |
| \$0.134725 | 💰 | Per Residential KWH |
| \$21 | 🔧 | Access Charge |
| 200.7 | ⚡ | Millions KWH Sold |
| 824 | 🏠 | Average Residential KWH Use |
| 335 | 🚗 | Net Metered Accts. |
| 44,527 | 📈 | Peak Demand (KW) |
| 1938 | 📅 | Year Incorporated |
| TRI-STATE | 🏭 | Power Supplier |
| 7 | 🗺️ | Counties Served: Dolores, Hinsdale, Mesa, Montrose, Ouray, San Juan, San Miguel |

The SMPA Board of Directors:

SMPA directors are elected from the membership, by the membership. They employ the CEO, set the strategic direction of the cooperative, and represent their fellow members in a fair and impartial manner.

- DISTRICT 01 Doylene Garvey
- DISTRICT 02 Kevin Cooney
- DISTRICT 03 Dave Alexander
- DISTRICT 04 Tobin Brown
- DISTRICT 05 Rube Felicelli
- DISTRICT 06 Debbie Cokes
- DISTRICT 07 Terry Rhoades

FOCUS: MEMBER SERVICES



What is SmartPay?

SmartPay is an optional program for any residential member to pay for electric service before receiving the service. This allows the member to buy power at their convenience with no deposits or late fees. Learn more at <https://www.smpa.com/content/smartpay>.

GOING PAPERLESS It's not just about convenience

SMPA's SmartHub web and mobile app allows members to pay bills, manage their account, and analyze their energy use from home. SmartHub eliminates paper forms, reducing health risks from unnecessary trips and person-to-person contact.

Check it out at smpa.smarthub.coop.



Member Dividends

An electric cooperative is different than a for-profit utility. Whenever the co-op realizes margins (profits), the money is allocated back to the members who paid in. When the Board determines the time is right, the margins are sent back to the members in the form of "member dividends." (AKA: capital credits)

In December 2019, SMPA mailed \$1.5 million in member dividend checks to the consumer-members. If you received a check, thank you for your long-time patronage!

In Difficult Times, Our Bottom Line is Still YOU.

It's been said before. SMPA belongs to its members, and serving them is its main purpose. During a time when our communities have been hit with unprecedented challenges, SMPA is called to serve that purpose with increased vigor and with a flexible mindset.

When the virus first attacked our communities, SMPA responded with member and employee safety as the top priority. Our offices were closed, and all members were encouraged to try methods of payment other than cash. In fact, it is now entirely possible to conduct all business with SMPA without personal interaction or physical paper thanks to tools like our interactive voice response system, new web forms and SmartHub, the free web and mobile app. At the time of this writing, the offices are open, and members are asked to adhere to safety precautions to prevent the spread of the illness.

We saw a record number of job losses due to the economic impact of the virus threat. To help members deal with the crisis, SMPA announced a moratorium on power disconnects for non-payment of bills. Although this measure was only temporary, we continue to work with members who call in, claiming difficulty paying their bills.

Certain members may also have gotten a financial boost when they received their member dividend checks back in January. A foundational part of the cooperative model, the distribution of allocated capital back to the membership can assist long-time members in a variety of ways.

Another way we found to help our members was to offer them more flexibility on when they pay their bills. Our new program, SmartPay allows members to buy their power ahead of time, and decide, based on user-designated alerts, when to recharge their account. It's an entirely new way of buying power that removes deposits and disconnect/reconnect fees while putting the member in charge of their pay schedule.

Difficult circumstances have a way of revealing the true nature of people and organizations alike. We hope you have found that member service is at the very core of our nature, and that no matter what challenges there may be in our world, our bottom line will always be YOU. ▶



Engineering and Operations

West End Reliability Project: A higher capacity line between our Nucla and Norwood substations would allow for redundancy between the two substations. This could greatly reduce the amount of outage time members would experience in case of a substation failure. A section of line from Norwood to Redvale has already been upgraded. Work is now underway to upgrade a section from Nucla to West Naturita and east along the river valley. A third stage, connecting these two sections is planned for some time between 2022 & 2025.

Silverton Storehouse: This new facility houses utility trucks, snow sleds, an ATV, and snow blower and many more specialized tools necessary for our Silverton-based linemen to respond to power outages in the high-altitude town. Having all these resources together and near the SMPA Staff residence improves responsiveness and efficiency of repairs and maintenance in this rugged mountain town.

Reliability Projects: As we completed our second year of a four-year work plan, system improvements and reliability projects continued to be our focus. System upgrades were completed in multiple areas of our distribution and transmission systems. For example, aging underground conductors were replaced on Log Hill Mesa, Ski Ranches Subdivision, and Eider Creek Condos. System improvements were put in place to help protect The Mountain Village Core and new equipment was energized to help regulate voltages for the Town of Ridgway.

Red Mountain Electrical Reliability and Broadband Improvement Project:

We initiated a partnership with ESC Engineering to design and permit a rebuild of the 46kV transmission line from Ouray to the Burro Bridge Substation. We also initiated and completed a system-wide joint-use audit. This work precedes the Red Mountain Electrical Reliability and Broadband Improvement Project, which will re-build a power line that was originally installed in 1928. The new design takes advantage of landscape features like elevation changes to reduce the number of structures and better protect the critical backup feed to the communities of Ouray County.



Reliability is at the core of every project we do.



~ Duane Oliver,
SMPA Manager
of Operations

RETIREMENTS :

Marvin Walisky: 2019 began by sending congratulations and warm regards to Marvin Walisky, SMPA's Nucla Service Planner, as he entered retirement after 23 years of service. Marvin served in several different capacities over the years. His experience, dedication, and commitment were a great asset to SMPA.

Tom McLeod: Following 12 years of dedicated service, Area Service Tech, Tom McLeod entered into retirement in May 2019. Tom's commitment and wisdom will be missed. We wish him a joyful retirement and thank him for his service.

Dan Hubert: After 22 years of service and dedication, Dan opted to officially retire from SMPA on March 18th, 2019. Thank you for your admirable commitment, expert experience, and leadership to our Ridgway line crew.

Metrics:

96 Pole Installations

342 unplanned outages restored

9.96 miles of line installed

2019 FINANCIALS

| REVENUES | 2019 | 2018 |
|--------------------------------|---------------------|---------------------|
| Residential | \$17,374,068 | \$16,625,157 |
| Commercial | \$11,766,652 | \$12,127,348 |
| Irrigation | \$171,427 | \$201,368 |
| Street Lights | \$43,372 | \$43,615 |
| Other | \$134,000 | \$114,931 |
| TOTAL OPERATING REVENUE | \$29,489,519 | \$29,112,419 |

| EXPENDITURES | 2019 | 2018 |
|--|---------------------|---------------------|
| Cost of Purchased Power | \$16,415,407 | \$15,934,349 |
| Transmission Expense | \$71,754 | \$82,981 |
| Distribution Expense-Operation | \$3,193,992 | \$2,926,651 |
| Distribution Expense-Maintenance | \$1,525,905 | \$1,460,869 |
| Consumer Accounts Expense | \$1,165,928 | \$1,000,960 |
| Customer Service and Informational Expense | \$215,490 | \$161,725 |
| Sales Expense | \$263,675 | \$236,293 |
| Administrative and General Expense | \$2,937,633 | \$2,389,046 |
| Depreciation and Amortization Expense | \$2,349,821 | \$2,304,261 |
| Interest on Long-Term Debt | \$1,192,369 | \$1,245,541 |
| Other Deductions | \$30,171 | \$33,410 |
| TOTAL COST OF ELECTRIC SERVICE | \$29,362,145 | \$27,776,084 |

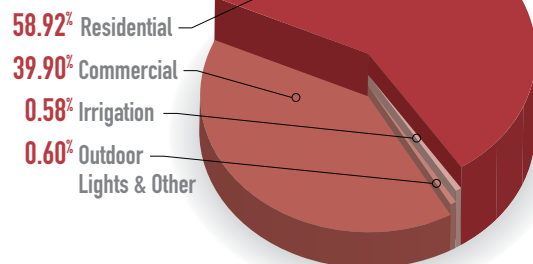
| MARGINS | 2019 | 2018 |
|---|--------------------|--------------------|
| Operating Margins | (\$272,625) | \$486,320 |
| Non-Operating Margin | \$197,332 | \$227,350 |
| Capital Credits | \$691,506 | \$764,436 |
| Extraordinary Items | - | - |
| Revenue Deferral | \$400,000 | \$850,000 |
| ALLOCABLE PATRONAGE CAPITAL OR MARGINS | \$1,016,213 | \$2,328,106 |



| ASSETS | 2019 | 2018 |
|--------------------------------|---------------------|---------------------|
| Total Utility Plant | \$89,547,931 | \$83,104,083 |
| Less: Reserve for Depreciation | \$30,755,317 | \$28,660,796 |
| Net Utility Plant | \$58,792,614 | \$54,443,287 |
| Reserve Funds & Investments | \$21,162,552 | \$19,913,317 |
| General Funds | \$3,384,814 | \$4,069,217 |
| Special Deposits | \$200,399 | \$200,319 |
| Accounts Receivable | \$2,992,325 | \$3,414,470 |
| Material Inventory | \$1,054,312 | \$1,128,619 |
| Prepayments & Other Assets | \$85,540 | \$114,875 |
| Deferred Charges | \$114,688 | \$1,537,867 |
| TOTAL ASSETS | \$87,787,244 | \$84,821,971 |

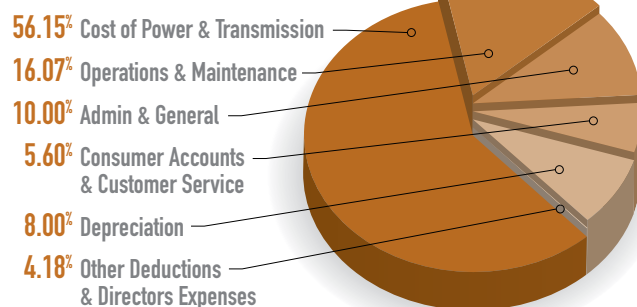
| LIABILITIES & EQUITIES | 2019 | 2018 |
|---------------------------------------|---------------------|---------------------|
| Total Equities & Margins | \$46,625,738 | \$46,960,695 |
| Total Long Term Debt | \$28,986,871 | \$28,568,489 |
| Notes Payable | - | - |
| Current & Accrued Liabilities | \$9,103,809 | \$6,453,068 |
| Deferred Credits | \$3,070,826 | \$2,839,719 |
| TOTAL LIABILITIES AND EQUITIES | \$87,787,244 | \$84,821,971 |

REVENUE COLLECTED



Revenues by class. Values shown do not consider revenue deferral.

EXPENSES



Renewables: The New Energy Plan



The Telluride Last Dollar Community Solar Garden (CSG)

This project produces 250kW of AC power and approximately 270kW of DC Solar near the Telluride Regional Airport. It is designed for all SMPA members who want to offset their electric use in lieu of having solar panels on or around their property while still receiving credit for the energy generated by their subscription.

Learn more and sign up at www.telluridesolargarden.com



Are you Ready to go Totally Green?

The electric industry is moving from carbon-emitting fuels to clean, renewable sources of electricity ...but it won't happen overnight. If you are ready to use 100% renewable electricity today, check out our new Totally Green program. It's renewably-sourced electricity, dude!

<https://www.smpa.com/content/sign-totally-green>

Tri-State's Responsible Energy Plan

At the beginning of 2020, Tri-State Generation and Transmission (Tri-State), wholesale electric power provider for San Miguel Power Association (SMPA) announced the closure of many of its Coal Generation Assets including the northwest Colorado Craig Station and Colowyo Mine by 2030. The closures put into motion Tri-State's transformative Responsible Energy Plan, which is designed to dramatically and rapidly advance Tri-State's clean energy portfolio and meet new state carbon emissions reduction goals.

The next part of the plan was the announcement of eight new renewable energy projects in Colorado and New Mexico that will result in more than 1 gigawatt of additional emissions-free renewable resources being added to Tri-State's power supply portfolio by 2024.

Throughout this unprecedented transformation, Tri-State maintains that electric rates will remain stable, or that they may even fall, as it will account for coal assets over time through a to-be-determined use of deferred revenue, and accelerated depreciation or regulatory asset recovery. "The low costs of renewable energy and operating cost reductions will also help to counterbalance the cost to retire coal assets early," said Duane Highley, Tri-State's chief executive officer. "With our not-for-profit cooperative business model and strong financial position, Tri-State is favorably positioned to successfully transition our resources at the lowest possible cost."

SMPA supports Tri-State's move toward more environmentally responsible energy, but also calls on Tri-State to help ease the transition for Tri-State employees and their communities. "It takes a very well-coordinated effort amongst all community stakeholders and others," says SMPA CEO, Brad Zaporski, "to mitigate the economic consequences of these types of [coal plant] closures." According to Tri-State CEO, Duane Highley, "Our work starts now to ensure we can continue to safely produce power while working with stakeholders to thoughtfully plan for the future." ▶



GreenLights: An Idea Worth Saving

In today's reality, everyone wants a way to use less energy and save money without sacrificing quality-of-life. In nearly every case, the "LED" or light-emitting diode bulb is leading the way as the most energy-efficient and easily-installable solution. These highly versatile light bulbs use, on average, 85% less electricity than traditional incandescent bulbs for the same amount of light (measured in Lumens). They also boast a significantly longer average lifespan. A switch to LED from incandescent is unquestionably a good move, both in terms of environmental benefits and long-term savings.

When these alternatives hit the market, however, their upfront price tag was higher than that of the familiar incandescents. For that reason, the market was slow to shift, and our local homes and businesses continued to waste energy and money on an outdated technology, even as electric companies like SMPA and Tri-State were offering rebates to help offset the initial cost of LEDs.

Then, in 2014, a Mountain Village program encouraged residents to make the switch. Instead of a rebate that required members to purchase bulbs at full price, and submit a reimbursement application, the program would offer a "pre-bate."

The idea caught on, and in 2015, the "GreenLights" program, administered by EcoAction Partners, was born. The program leveraged rebate money from sponsors, including Tri-State, SMPA, and local town and county governments, toward a wholesale price on bulbs. The purchase cost to the individual was reduced by as much as 75% of the retail cost, a much more compelling price point, and at a cost-to-benefit that always made economic sense.

Over the last five years, the GreenLights program alone has sold 17,495 LED bulbs into our communities

which equates to a massive drop in energy consumption. Currently, the estimated reduction is 950,000 kWh annually. Since each bulb has a 20-year life expectancy, the savings can continue for up to two decades.

This effort also prevents nearly 15,200 metric tons of CO₂ from being released into the atmosphere which is the equivalent of taking approximately 3500 cars off the road for one year.

2020 brought daunting challenges to the program. Uncertainty around the program's main funding source, cancellations of sales opportunity events and declined funding at the municipal level threatened the program's viability.

However, EcoAction Partners went to work to stabilize the program funding. Then they re-imagined the program with an emphasis on businesses.

At the time of this writing, any business with an SMPA electricity account can purchase 50 bulbs at the 75% discounted rate (bulbs cost between \$1 and \$4) through the end of 2020 while funds last. Additional rebates are available for commercial accounts requiring more than 50 bulbs. Residential account holders can still use the 50% SMPA LED rebate any time.

If you are still wasting money and energy on inefficient lighting, you owe it to yourself to find out why GreenLights is an idea worth saving. ▶



GreenLights Statistics 2015-2019

VISIT www.ecoactionpartners.org/greenlights

17,495 Total Bulbs Sold

950,000 kWh reduced (yearly)

18,600,000 kWh reduced (bulb lifetime)

788 Metric Tons CO₂ saved (yearly)

15,200 Metric Tons CO₂ saved (bulb lifetime)

\$52,643 Municipal Contributions

\$110,555 SMPA/Tri-State Contributions

Thanks to contributing writers, Jake Niece, EcoAction Partners GreenLights Program Coordinator, and Paul Hora, Certified Energy Manager

San Miguel Power Energy Efficiency and Renewable Energy Rebates to Members for CY 2019

| REBATE | ISSUED | TOTAL \$ | SMPA | TRI-STATE |
|-------------------------|------------|------------------|-----------------|-----------------|
| Energy Star Appliance | 105 | \$8,154 | \$3,165 | \$4,989 |
| LED Bulb | 246 | \$16,527 | \$9,441 | \$7,086 |
| Commercial LED Retrofit | 18 | \$8,987 | N/A | \$8,987 |
| Energy Audits | 34 | \$8,400 | \$8,400 | N/A |
| Electric Vehicle | 8 | \$6,000 | \$6,000 | N/A |
| EV Charging | 1 | \$2,000 | \$2,000 | N/A |
| Heat Pump | 6 | \$6,150 | N/A | \$6,150 |
| IQ Weatherization | 31 | \$25,530 | \$25,530 | N/A |
| IQ Solar | 21 | \$0 | \$0 | N/A |
| Solar PV | 44 | \$36,581* | N/A | N/A |
| TOTAL | 533 | \$118,330 | \$54,536 | \$27,212 |

*Solar PV rebates are funded through the Green Fund from voluntary contributions through our Totally Green, Green Blocks, and Green Cents programs.



Our Communities and Beyond

In 2019, San Miguel Power directly provided \$41,500 in support of programs and events in our local communities. We also leveraged our relationships with cooperative partners to bring in over \$46,000 in outside funds to our local economies. Together, these donations exceed \$87,500 given to our communities for economic development and charitable purposes. (Yay!)



What we Stand for: A Lineman's Mission in Guatemala

"Concern for community" is one of the guiding principles of electric cooperatives. Usually this refers to the communities that occupy a given co-op's service territory, but on occasion, the scope can be broadened a bit. Last year, one of our Area Service Technicians, KJ Johnson, joined a team of linemen from Colorado and Oklahoma on a mission backed by NRECA International, the philanthropic arm of the National Rural Electric Association—to bring electrical power to the tiny village of Sillab in Northeastern Guatemala.

Sillab had never had reliable electricity before, but with guidance from NRECA International, this small community created their own electric cooperative. They set up an office, and, with neighbor helping neighbor, they enrolled members and prepared to welcome power and light into their lives.

Johnson was excited to be a part of the crew that helped realize this goal, but he feels that the volunteers took at least as much from the experience as they gave. "What these people have is different than what we have. We feel very fortunate to live where we do, but, while I was there, I'd never been treated so well in my life."

The volunteer work crews patched into a line that had recently been built to electrify the nearby village of Chiis. From this new junction, the crews brought a single-phase line off the mountain, zig-zagging through the community, running taps, and setting transformers for each home. When the work was done, both the village and the villagers were electrified. "Through an interpreter, they told us how grateful they were... and they said prayers of thanks for us. It's an experience I'll never forget." ▶



Congratulations 2020 Scholarship Winners!

- SMPA \$2000 Scholarship | NORWOOD HIGH SCHOOL | *Jessica Barkemeyer*
- Basin Electric \$1000 Scholarship | *Jessica Barkemeyer*
- SMPA \$200 Vocational Scholarship | NORWOOD HIGH SCHOOL | *Jeffrey Cael Spangler*
- SMPA \$2000 Scholarship | NUCLA HIGH SCHOOL | *Chloe Nelson*
- SMPA \$2000 Vocational Scholarship | NUCLA HIGH SCHOOL | *Christian Josephsen*
- Tri-State Generation & Transmission \$500 Scholarship | *Hailey Hibbert*
- SMPA \$2000 Scholarship | OURAY HIGH SCHOOL | *Anna Biolchini*
- SMPA \$2000 Scholarship | RIDGWAY HIGH SCHOOL | *Adli Gates*
- Tri-State Generation & Transmission \$500 Scholarship | *Andrew Winkelmann*
- SMPA \$2000 Scholarship | SILVERTON HIGH SCHOOL | *Amaris Hamilton*
- SMPA \$200 Vocational Scholarship | SILVERTON HIGH SCHOOL | *Kyra Maxfield*
- SMPA \$2000 Scholarship | TELLURIDE HIGH SCHOOL | *Ambra Jacobson*
- SMPA \$2000 Scholarship | TELLURIDE MOUNTAIN SCHOOL | *Jacqueline Waller*

2019 ANNUAL MEETING MINUTES

- 01 Call to Order:** The 80th Annual meeting of the San Miguel Power Association (SMPA) members was called to order by Board President Rube Felicelli on June 6, 2019, at 5:36 PM at the SMPA offices located at 720 N. Railroad Street, Ridgway, CO 81427.
- a. Board Members present: Doylene Garvey, Assistant Secretary/Treasurer (District 1); Robert Justis, Vice President (District 2); Dave Alexander, Secretary-Treasurer (District 3); Jack Sibold, (District 4); Rube Felicelli, President (District 5); Debbie Cokes (District 6); Terry Rhoades (District 7)
- 02 Opening Ceremonies:** Ouray County Chorus performed the National Anthem. SMPA lineman, KJ Johnson, delivered the invocation. President Felicelli introduced the SMPA Board of Directors, General Counsel, and election monitor Jim Link, General Manager Brad Zaporski, and other community guests who were in attendance.
- 03 Determination of a Quorum:** SMPA staff advised president Felicelli that 130 members were registered and present for the meeting, meeting the required quorum of at least 50 members.
- 04 Reading of Notice for the Meeting and Proof of Publication and/or Mailing Thereof:** Secretary/Treasurer Dave Alexander read the Notice of Meeting and advised members that the appropriate legal notices regarding the meeting had been published in all newspapers within the service territory.
- 05 Reading of the Unapproved Minutes of the 2018 Annual Meeting of the Members and the Treasurer's Report, and the Taking of Necessary Action Thereon:** The 2018 Annual Meeting minutes and the Treasurer's Report were published in the annual report. A motion was made by Member Chris Daniels, and seconded from the floor, to waive the reading of the minutes. The motion was voted and carried.
- 06 Scholarship Award Announcements:** The Scholarship Awards were announced with several of the recipients in attendance to accept their checks. A list of these recipients can be found in the 2018 Annual Report.
- 07 President's Report, Rube Felicelli:** President Felicelli welcomed members to the meeting. In the President's Report, Director Felicelli highlighted the theme for this year's meeting, 'Through the Lens.' He noted that it is wise to look through the lens and reflect on 80 years of experience, plans, failures, goals, collaborations, course corrections and success. He reviewed the history of SMPA recounting obstacles that were faced and surmounted, noting the same spirit that helped us persevere in those circumstances continues and will help us as we move forward to face current and emerging challenges.
- 08 Guest Speaker: Duane Highley, Ceo, Tri-State G&T:** Manager Zaporski introduced Tri-States' new CEO Mr. Duane Highley, noting that while Mr. Highley has only been with Tri-State since April 2019, he has 36 years of experience in electric cooperatives. Mr. Highley began his speech by thanking SMPA for inviting him to the Annual Meeting, stating that it was a privilege to be here in such a beautiful service territory. Mr. Highley then informed the membership that Tri-States' fundamental beliefs about power supply are that it needs to be reliable, affordable, and responsibly generated. Mr. Highley reported that one-third of Tri-State's power already comes from renewable sources, with more scheduled to be added, announcing another 100 megawatt (MW) solar farm and a 104 MW wind farm. He also stated that Tri-State's Board of Directors had taken significant action by directing staff to develop a plan that will result in a 50% renewable and 80% carbon-free energy portfolio by 2050. Mr. Highley reported Tri-State may be able to accomplish these goals while lowering rates. He noted that it is going to be a challenging task, but Tri-State is committed to taking it on because we (Tri-State) work for you (the members). Mr. Highley also communicated that Tri-State had developed a Contract Committee that includes representatives from every member co-op. The Contract Committee is to review rules that govern how member co-ops can generate more local renewable energy and propose changes. Following Mr. Highley's speech, members asked questions requesting perspective regarding the competitive renewable energy providers, insight into other member coops considering leaving Tri-State's membership, and clarification on Tri-State's role and ability to help us recover economically from the closure of the Nucla mine and associated power plant.
- 09 General Manager's Report, Brad Zaporski:** Manager Zaporski praised staff for excellent work in extreme weather situations that occurred in winter 2018-19. He reviewed avalanche photos and discussed the impact and damage they caused and noted the staff is still diligently working to get power on in some locations. He highlighted the successes of the Telluride Mountain Village Reliability project, noting we were able to manage a major weather-related outage, keeping it under an hour by utilizing reliability lines. He noted that SMPA is embarking on another momentous reliability project soon with the Red Mountain Line Rebuild Project.
- Manager Zaporski reported that SMPA had implemented a complete database and process management software that affects every department within the co-op as well as the member experience through the SmartHub application. SmartHub provides members with easy payment options, account access and analysis tools.
- Manager Zaporski reviewed the financial reports, noting that through controlling expenses and increased revenues, SMPA had a good year. He informed the members that SMPA deferred revenue, which essentially puts money in a piggy bank for a rainy day.
- Manager Zaporski noted that Dave Kelly recently retired after 45 years with the Coop. He praised the team on its strong safety record; currently SMPA has gone three years without a safety incident.
- 10 Unfinished Business:** None Presented
- 11 New Business, Questions and Answer Section:** Members posed questions and made requests regarding power supply and more local renewables. Members also asked questions regarding battery storage.
- 12 Announcement of Election Results by Independent Election Monitor Jim Link:** District No. 2. Election monitor Jim Link confirmed that there was a qualified candidate, Kevin Cooney, who ran unopposed. Mr. Cooney is the new District 2 Director.
- 13 Prize Giveaway:** Every member attending the meeting received a \$10 bill credit, a gift bag with a hat, and a 2020 calendar featuring images and facts from locations within SMPA service territory. Additional door prizes were given via a drawing at the end of the meeting.
- 14 Adjournment:** The meeting was adjourned at 7:14 PM.



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