

1. MEETING PROTOCOL

Executive Assistant MartyJo Davis presented an overview of meeting protocols and provided instructions on utilizing features of the Zoom Virtual Meeting platform that allow members to participate virtually.

2. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors regular meeting to order at 9:02 AM. The meeting was held in person at the Ridgway office location and via Zoom Video/Teleconference. Director Garvey attended via Zoom Video/Teleconference with Director Felicelli, Director Cokes, Director Brown, Director Rhoades and Director Cooney present, in person, at the Ridgway office location. Director Alexander was absent from the meeting.

3. APPROVAL OF CONSENT AGENDA

Director Felicelli adjourned the September 20, 2022, agenda item 7.a.i power supply, noting no additional meetings were needed. Director Rhoades motioned to approve the revised consent agenda (October 25, 2022), including the September 20, 2022, meeting minutes. Director Brown seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cokes reported speaking with a business owner/member who expressed gratitude for SMPA's efforts to provide advanced notice for planned power outages.
- Director Cooney advised he had received comments from a member about potential partnerships with local governments to discuss innovative energy ideas and grant opportunities.
- Director Cooney reported receiving comments/requests about the possibilities of more undergrounding opportunities in the Telluride area.

5. BOARD TOPICS

Gettysburg Leadership Experience

Director Felicelli provided a brief overview of NRECA's Gettysburg Leadership Experience. The course was a combination of classroom instruction as well as site visits to the historical locations of critical battlefield sites. The course discussed The Battle of Gettysburg, the decisions made by leaders of both sides and ultimately, how their leadership affected the outcome of the Battle of Gettysburg. The key takeaway was the importance of leadership and how it affects an organization.

6. STRATEGIC PLANNING

Determine the optimal long-term power supply strategy that best achieves safe, reliable, cost-effective and environmentally responsible service to our members. – Brad Zaporski

Manager Zaporski reported the Federal Energy Regulatory Commission (FERC) Administrative Law Judge (ALJ) issued an initial ruling regarding the Contract Termination Payment (CTP). However, it is not immediately clear how to obtain SMPA's information to input into the formula to calculate SMPA's indicative number. Additionally, there is a possibility that the methodology will change after the full commission reviews the ruling, noting that the commission is not under statutory requirements regarding a time frame for the decision. Manager Zaporski added that the Buy Down Payment (BDP) case at FERC is prioritized behind the CTP case, which could result in a BDP ruling being years out.

Manager Zaporski reported staff is closely monitoring decisions being made at Tri-State and how they may impact SMPA, noting that perhaps Tri-State could evolve to become more of a transmission company than a generation company.

7. C.E.O. REPORT

C.E.O. Items

2023 Budget Review and Approval

Chief Financial Officer Lance Lehigh and department managers discussed the 2023 proposed budget presented during a budget work session. Staff reviewed the budgeting process, including the evaluation of multiple factors, including, but not limited to, anticipated increases to SMPA's wholesale purchased power costs, material expense increases, alignment with SMPA's equity management plan and financial ratios. Following the discussion, Director Brown motioned to approve the 2023 budget as presented. Director Cokes seconded. The motion was voted and carried.

Rate Proposal and Recommendation

Manager Freeman and Manager Lehigh advised that staff has thoroughly analyzed multiple factors, such as anticipated wholesale power rate increase, the possibility of direct assignment of radial line costs, new construction and necessary infrastructure upgrades. Following the analysis, staff is recommending a \$2 increase to all rate classes and lighting monthly access fees. Through prudent financial planning, the ability to use deferred revenues and delayed capital projects that reduce interest fees, the proposed 2023 increase is small. It is important to anticipate that more rate increases will be needed in the future to respond to the rapidly changing power supply market and ensure SMPA continues to supply safe, reliable, cost-effective and environmentally responsible electrical service.

Power Supply Update

Manager Zaporski advised that updates pertaining to power supply had been provided during the strategic planning update, and he had nothing further to add.

Legislative Review

Manager Zaporski introduced McKenna Farley, Western Colorado Field Representative for Congresswoman Lauren Boebert. Miss Farley communicated that Congresswoman Boebert's office had not identified any specific grants to recommend that SMPA should apply for; however, the staff is ready to write a letter of support for grants SMPA may find. Miss Farley advised that work continues on an emergency narrowband exception for Hinsdale County to improve communication in that area of Colorado with hopes of expanding it to other rural areas in Colorado.

Manager Zaporski reported that funds are available through the Inflation Reduction Act (IRA); however, it is not clear how to get to the money. Staff continues to keep an eye on it and look for opportunities that might work for SMPA.

Guatemala

Manager Zaporski reported that 70 homes, a church, a school and a health center in a Guatemalan village were electrified for the first time through NRECA/CREA's 2023 Concern for Global Communities program. He discussed the mountainous terrain and the community's excitement about having power for the first time. Manager Zaporski communicated that the program is very impactful for the villagers that receive the power and the line crews that help make it possible and that he plans to advocate that funding for the program continues.

Introduction of Employee Guests

Terry Schuyler, Key Accounts Executive; Joshua Hainey, Senior Staff Accountant; Danielle Rodriguez, Human Resource and Administration Coordinator; Mark Prezbindowski, IT Specialist; Dustin Smuin, Fleet & Facilities Supervisor; and Greg James, Purchasing and Store Specialist, were also in attendance at the meeting, virtually or in-person.

Community Focus Donations

The Board reviewed the application scorecard results. Following review, Director Garvey motioned to award the Community Focus donation (as follows) and apply for Basin match when applicable. Director Cokes seconded. The motion was voted and carried. The awarded amounts are as follows:

- Apple Core Project, \$500 SMPA donation with a \$500 Basin Electric match request.
- Valley Food Partnership, \$500 SMPA donation with a \$500 Basin Electric match request.
- Silverton Skijoring, \$1,750 SMPA donation with a \$1,750 Basin Electric match request.
- Live in Ouray, \$700 SMPA donation with a \$700 Basin Electric match request.
- Montrose West Recreation, Inc. \$1,300 SMPA donation with a \$1,300 Basin Electric match request.
- Telluride Mountain Club, \$1,800 SMPA donation with a \$1,800 Basin Electric match request.
- Ouray School, \$1,375 SMPA donation with a \$1,375 Basin Electric match request.

Board Donations

- Director Rhoades donated \$100 to Friends of the Silverton Fire Department.

Finance Update

Existing Revenue Deferral Plan Amendment Resolution

Chief Financial Officer Lance Lehigh reviewed the revenue deferral plan and proposed changes, including adjusting the recognition schedule from a time frame of 2022-2025 to 2023-2027. Mr. Lehigh noted the amendment will position SMPA to be able to respond to anticipated rate changes for wholesale power supply in the future and will help soften the rate increase impact to the membership. Following the discussion, Director Brown motioned to approve Resolution 2022-05 Resolution to Amend Revenue Deferral Plan as presented. Director Rhoades seconded. The motion was voted and carried.

Form 990 Update

Manager Lehigh reported that the Form 990 has been reviewed, changes submitted and returned to Rural Utility Services (RUS). The form will be reviewed at the November Board of Directors meeting.

Financial Review

Manager Lehigh reviewed the finance report, noting the decrease in general funds in September was due to a combination of factors, including quarterly expenses coming due, regular monthly payments, contractor service payments, equipment purchases that were ahead of schedule and material purchases to stock inventory ahead of anticipated price increases.

2021 Capital Credit Allocation Update

Manager Lehigh reported that the 2021 \$447,458 capital credit allocation has been processed, and notifications will be included with the billing statements at the end of the month.

Marketing & Member Services

2023 Annual Meeting Theme Discussions

Manager Freeman reviewed possible themes for SMPA's 2023 Annual Meeting. Following a review of options, the Board selected 'Time to Shine' for the 2023 Annual Meeting theme.

Survey and Ballot System Review

Manager Freeman and Legal Counsel Jim Linked informed the Board that they were satisfied with the service and results of working with Survey and Ballot for the 2022 election and are planning to utilize their services again for the 2023 director election.

Manager Freeman reviewed his report, highlighting that the Sharing Success application deadline is November 28, 2022. Staff will distribute applications to the Sharing Success Committee for review in the first part of December. Manager Freeman stated the 2022 committee members were Director Alexander, Director Garvey, Director Rhoades and Director Cokes. Director Cokes resigned from the committee to focus on her responsibilities as the CREA Director. The 2023 Sharing Success committee consists of Director Alexander, Director Garvey, and Director Rhoades.

Legal Counsel reviewed the Board District member counts with the Board. Following review, the Board determined that the counts were adequate, and no changes were needed. The Board will review it again next 2023.

Information Technology

Manager Tea did not have anything to add to his report.

Administration & Human Resources

Human Resources and Administration Coordinator Danielle Rodriguez reviewed her report, highlighting the success of the annual all-employee meeting. The meeting coincides with benefit enrollment. Miss Rodriguez added that staff completed the first cleanup for SMPA's newly adopted section of the highway, noting the cleanup event was well attended.

The Board reviewed Policy 306, Member Access to Information. Proposed updates include references to items that are available online as well as parameters on what SMPA can provide. Director Rhoades motioned to adopt Policy 306 as presented, with updates. Director Cooney seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 309, Renewable Energy Rebate. Proposed updates include removing technical terms and conditions from the policy as they are also in the individual rebates, removing the cap written into the policy and replacing it with 'budgeted' funds so that it can be updated yearly, and identifying that RECs are retired annually. Director Brown motioned to adopt Policy 309 amended to state it is primarily funded by the Green Fund. Director Garvey seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting that contractors are scheduled to begin work on access roads on Red Mountain, noting the work is weather dependent, and it is possible it will get pushed to spring.

8. ASSOCIATED MEETING REPORTS

CREA – Debbie Cokes

Director Cokes advised that the next Board meeting will take place in November during the Energy Innovations Summit in Denver. Director Cokes informed the Board that two persons from the cooperative field will be involved with the Colorado Energy Office on their Energy Code Board. Director Cokes advised that CREA recently asked Directors to take a thorough survey about the services offered through CREA as they continue to strive to meet members' needs.

Western United – Dave Alexander

N/A

EcoAction Partners – Toby Brown

Director Brown informed that EcoAction Partners' mission is to track regional greenhouse gas emissions and work with stakeholders to reduce energy use. Roughly half of EcoAction Partners' \$360,000 budget is provided by the State of Colorado, and various organizations provide the remaining budget funds.

Tri-State – Kevin Cooney

Director Cooney shared that a recent assessment of how coops are utilizing Beneficial Electrification / Renewable Energy Rebates through Tri-State shows that SMPA is utilizing 118% of our allocation. Director Cooney advised that Tri-State is in the process of developing a broader set of programs to benefit members, including, but not limited to, programs to assist in managing demand response. These programs will be beneficial to members as they strive to meet the Colorado Public Utilities Commission (PUC) requirements for a 4% demand reduction through demand response by 2030. Director Cooney reported that the rate design committee is discussing possibly updating the structure to raise capacity charges while lowering energy charges to collect closer to the cost of service. Additional committee conversation includes consideration of a stated rate structure or a formulaic rate structure.

9. ATTORNEY'S REPORT

Director Rhoades made a motion at 2:02 PM to enter into executive session for personnel and contractual issues. Director Brown seconded. The motion was voted and carried. The Board entered into executive session at 2:02 PM and came out at 2:16 PM. While in executive session, no decisions were made, nor votes taken.

10. BOARD TRAVEL

The Board reviewed upcoming meetings and training opportunities, including CREA's Energy Innovations Summit and Fall Conference scheduled for November 5 – November 8, 2022.

11. MISCELLANEOUS

N/A

12. BOARD CALENDAR REVIEW

N/A

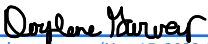
13. NEXT MEETING

The November 2022 Board of Directors meeting will occur on Tuesday, November 15, 2022, in Nucla and Via Zoom.

The December 2022 regular Board of Directors meeting will occur on Tuesday, December 13, 2022, in Ridgway and via Zoom.

14. ADJOURN

At 2:19 PM, Director Rhoades motioned to adjourn the meeting with respect to all Agenda Items except item 7.a.iii Power Supply Update. Discussion on Item 7.a.iii and possible Executive Session regarding that topic is suspended so that if the CEO deems it necessary to update the Board regarding this topic, the Board can resume discussion without the need to call a Special Meeting. Director Brown seconded. The motion was voted and carried.


Doyleene Garvey (Nov 15, 2022 18:00 MST)

Doyleene Garvey, Secretary/Treasurer