

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 9:01 AM. The meeting was held in person at the Nucla office location and via Zoom Video/Teleconference. Director Rhoades and Director Cokes attended via Zoom Video/Teleconference, with Director Felicelli, Director Alexander, Director Brown, Director Garvey and Director Cooney attending in person.

3. APPROVAL OF CONSENT AGENDA

Director Felicelli adjourned October 25, 2022, agenda item 7.a.iii Power Supply, noting no additional meetings were needed. Director Garvey motioned to approve the revised consent agenda (November 15, 2022), including the October 25, 2022, meeting minutes. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

Rate Proposal and Recommendation Overview

Manager Lehigh and Manager Freeman communicated the primary determining factors in the rate proposal recommendation. Determining factors include an anticipated wholesale power rate increase, the possibility of direct assignment of radial line costs, fire mitigation project expenses, new construction and necessary infrastructure upgrades. Manager Lehigh and Manager Freeman advised that staff is recommending a \$2 increase to all rate classes and lighting tariffs monthly access fees, highlighting that putting the increase in the access fee is strategic because it moves SMPA closer to closing the gap to recovering fixed costs through fixed access fees. Manager Lehigh noted that the ability to utilize deferred revenue contributes to being able to keep the rate increase modest for 2023; it is important to anticipate that more rate increases will be needed in the future to respond to the rapidly changing power supply market. Manager Freeman added that staff is currently developing programs and rate structures for the future that will help manage load shape, including consideration for micro-grids, battery storage, time of use rates and time of day demand rates.

Member/Public Comment on Rate Proposal and Recommendation

- A member suggested SMPA consider increasing the monthly access by \$4 while decreasing the kWh rate equivalently to come out with the same increase in annual revenue as the proposed \$2 access fee increase. The member also suggested adding an off-peak kWh declining block rate to be optional for consumers who wish to supplement propane heating with electric heating during hours when the off-peak rate is less costly.
- A member praised SMPA's fire mitigation efforts and focus on keeping materials in inventory while trying to keep costs down. The member added that they disagreed with the increase in the access fee, noting their belief that the increase should be in the energy fee to incentivize energy conservation.
- Director Cooney commented that he had received comments from members that were surprised that the proposed increase isn't more than \$2.
- Director Felicelli reported he had received comments from a member stating their dislike of the energy charge being high, noting it should be lower and the access fee should be higher.
- Director Brown advised he had answered a member's question regarding the proposed rate change, noting that following the conversation, the member had a better understanding of the reasons and need for the increase.

General Member Consumer Comments

- N/A

5. BOARD TOPICS

Time of Use (TOU) Rates Discussion

The Board discussed that with a Time of Use (TOU) rate, members would pay different energy rates depending on the time of day the energy is used instead of being billed a flat rate. TOU rates will help incentivize consumers to use power during off-peak hours, for example, by scheduling the charging of an electric vehicle during off-peak hours. The Board discussed what neighboring cooperatives are doing for TOU rates. Director Cooney commented that the Tri-State Rate Committee is discussing TOU rates. Manager Freeman and Manager Tea discussed measures staff is taking to develop a TOU rate for SMPA, including analyzing usage data, developing software solutions, and designing processes.

6. STRATEGIC PLANNING

Further Develop Crisis Management Plan in order to best respond to external threats or Crisis. – Mike Therriault. Engineering Supervisor Mike Therriault reviewed the four initiatives identified to further develop the Crisis Management Plan (CMP), including an update and expansion to SMPA's existing Emergency Restoration Plan (ERP), staff education, blue-sky exercises and a focus on mitigating supply chain disruptions. Mr. Therriault provided a high-level overview of the measures that have been completed and reviewed the next steps, noting staff involvement with local county emergency management meetings and upcoming blue-sky exercises.

Fully Optimize All Technology- Doug Tea

Manager Tea reviewed the strategic initiatives developed to fully optimize technology, including a concentration on cybersecurity, developing a documented Information Technology Emergency Response Plan (ITERP), implementing budgeted software projects, and optimizing and leveraging current technologies. Manager Tea reviewed steps taken to address cybersecurity challenges. Manager Tea provided an update on software projects, highlighting staff efforts to develop a Time of Use (TOU) rate, including a review of project phases and the timeline associated with the project.

7. C.E.O. REPORT

C.E.O. Items

Rate Proposal Decision

The Board discussed the rate proposal and recommendation and member comments. Director Alexander motioned for a \$2 rate increase to the monthly access fee to all rate classes and lighting tariffs, as recommended. Director Cooney seconded. Following discussion, the motion was voted on and carried.

Power Supply Update

Manager Zaporski advised that SMPA is continuing discussion and negotiation with Guzman Energy as a potential 3rd party power supplier. SMPA is still waiting for a decision from the Federal Energy Regulatory Committee (FERC) regarding the stated rate and the Buy Down Payment (BDP) cases. Manager Zaporski noted the FERC decisions impact critical data points required to analyze power supply options thoroughly.

Legislative Review

Manager Zaporski stated that staff continues to research the Inflation Reduction Act (IRA) to determine what funds are available, how it's available and if SMPA qualifies.

Introduction of Employee Guests

Manager Zaporski introduced Dane Shaffer, the new Telluride Journey Line Technician. Mr. Shaffer served in the Marine Corps and has 15 years of cooperative experience. Mr. Shaffer informed the Board that he is originally from Norwood and is excited to return home. Joshua Hainey, Senior Accountant; Greg James, Purchasing & Store Specialist; Mark Prezbindowski, IT Specialist; Danielle Rodriguez, Human Resources & Administration Coordinator; Terry Schuyler, Key Accounts Executive; Dane Shaffer, Apprentice Line Technician; Alex Shelley, Communications Executive; Dustin Smuin, Fleet & Facilities Supervisor; Mike Therriault, Engineering Supervisor; Kelly Truelock, Senior Accountant; Darcy Weimer, Safety & Regulatory Compliance Coordinator; and Phil Zimmer, Member & Energy Services Supervisor were also in attendance at the meeting, virtually or in-person.

Community Focus Donations

The next donation review is scheduled for January 2023.

Board Donations

- Director Brown donated \$100 to San Miguel Resource Center.
- Director Cooney donated \$100 to the Telluride Volunteer Fire Department.
- Director Cokes donated \$100 to the Log Hill Fire Department.
- Director Felicelli donated \$100 to Angel Baskets.
- Director Brown donated \$100 to Angel Baskets.
- Director Cooney donated \$150 to Angel Baskets.

Finance Update

Member Dividend Retirement Decision

Manager Lehigh reviewed capital credits/member dividends and proposed a 1-million-dollar member dividend retirement to the membership. Manager Lehigh discussed methods of retirement, the current retirement schedule, the budget and liquidity considerations. Following discussion, Director Garvey motioned to retire 1 million dollars in capital credits/member dividends using the FIFO (First In, First Out) method. Director Alexander seconded. The motion was voted and carried.

Form 990 Review

Manager Lehigh reviewed SMPA's 2021 tax return, the Form 990, with the Board.

Financial Review

Manager Lehigh reviewed the preliminary financial reports, noting pieces are still being finalized as it is a shortened month. Manager Lehigh highlighted that the preliminary reports show that revenues exceeded budget by 1.21% and purchased power is showing .94% above budget.

Marketing & Member Services

Set Annual Meeting Date and Location

Director Alexander motioned to set the Annual Meeting date for June 8, 2023, at the SMPA facility in Ridgway in the afternoon. Director Rhoades seconded. The motion was voted and carried.

Set Election Date and Location

Director Alexander motioned to set the election date deadline for mail and online ballots for June 7, 2022, with the in-person voting election deadline as June 8, 2022, at the SMPA facility in Ridgway. Director Garvey seconded. Following discussion, the motion was voted and carried.

Green Fund Budget Override for additional monies for the IQ Weatherization Program.

Manager Freeman requested additional monies to support the IQ Weatherization Program to support the goal of completing 40 homes in 2022. Director Brown motioned to approve a Green Fund Budget override for up to \$15,000 additional monies for the IQ Weatherization Program. Director Alexander seconded. Following discussion, the motion was voted on and carried.

Manager Freeman reviewed his report highlighting SMPA's effort to promote Beneficial Electrification (BE) includes offering rebates for the purchase of E-bikes. To further promote E-bikes, SMPA will purchase an E-bike for the Ridgway and the Nucla offices to use as local 'loaners' to the membership.

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, stating the annual All Employee Meeting was held on October 20, 2022, and featured a guest speaker that was well received.

The Board reviewed Policy 310, Pole Attachments. Director Garvey motioned to adopt Policy 310 as presented. Director Cooney seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, noting that the access road construction for vegetation management projects on Red Mountain has been moved to spring due to weather.

8. ASSOCIATED MEETING REPORTS

CREA – Debbie Cokes

Director Cokes reported that CREA dues will increase in 2023. Director Cokes advised that the CREA Board discussed a proposed resource adequacy bill that assigns resource adequacy calculations to the load-serving entity. Directors and staff members reported that the CREA Energy Innovations Summit was very educational, featuring forward-thinking concepts such as microgrids and nuclear power discussions.

Western United – Dave Alexander

N/A

EcoAction Partners – Toby Brown

N/A

Tri-State – Kevin Cooney

Director Cooney informed the Board that Tri-State is evaluating how Inflation Reduction Act (IRA) funds will flow through to coops, noting the new legislation supports cooperatives to build renewable resources and be eligible for funding/tax credits. Additionally, exploring if monies will be available to assist communities impacted by coal

plant closures. Director Cooney stated that Tri-State finances are being impacted by several items, including but not limited to underestimating expenses associated with the long-term environmental responsibilities following coal plant closures. Director Cooney provided an update on the rate committee, noting that formula and stated rates are still a focused topic of conversation; the committee is striving to keep it equitable among the 42 member cooperatives; however, it is challenging to manage the cost of service fully. The committee is targeting solid recommendations by January 2023.

9. ATTORNEY'S REPORT

Director Garvey made a motion at 2:04 PM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 2:04 PM and came out at 2:39 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 Annual Meeting scheduled for February 22 – February 25, 2023, in Denver, CO.

11. MISCELLANEOUS

N/A

12. BOARD CALENDAR REVIEW

N/A

13. NEXT MEETING

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

The January 2023 Board of Directors meeting will occur on Tuesday, January 24, 2023, in Nucla and via Zoom.

14. ADJOURN

At 2:48 PM, Director Brown motioned to adjourn the meeting with respect to all Agenda Items except item 7.a.ii Power Supply Update. Discussion on Item 7.a.ii 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 Alexander seconded. The motion was voted and carried.


Doyleene Garvey (Dec 14, 2022 05:35 MST)

Doyleene Garvey, Secretary/Treasurer