

1. MEETING PROTOCOLS

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 Director's regular meeting to order at 9:03 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 Cooney, Director Brown and Director Garvey attending in person at the Nucla office.

3. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the consent agenda (February 27, 2024), including the meeting minutes from January 23, 2024. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Brown informed the Board he had communicated with a member who had experienced issues with ice sliding off his roof, ripping the meter off his house. The member was happy with SMPA response times and customer service.
- Director Cooney reported speaking with members of the Ophir community, noting that he gets the sense that the community is not anti-solar; however, they are not in favor of solar on town lots.

5. STRATEGIC PLANNING

Member Education & Engagement- To provide education and tools to our members to maximize the benefits of their relationship with SMPA. – Wiley Freeman and Alex Shelley

Manager Freeman identified the strategic initiatives that have been developed to promote member education and engagement. Manager Freeman reviewed timelines associated with each initiative and identified Key Performance Indicators (KPIs). Initiatives include a concentration on bolstering energy literacy among the SMPA Board, employees, and the membership; education to members on the uses and benefits of SMPA tools; demonstrate opportunities of local power integration and showing membership how they are empowered by timing their energy use. Following a review of the initiatives with some updates to verbiage, Director Alexander motioned to approve the initiatives associated with the Member Education and Engagement objective. Director Cooney seconded. Following discussion, the motion was voted and carried. This motion will be ratified at the March Board of Directors meeting as it was not noticed as an action item meeting the 10-day advance posting requirement.

6. CEO Items

Power Supply Update

Manager Zaporski reported that the Federal Energy Regulatory Commission (FERC) has not approved Tri-State's rate plan submission, resulting in a pause on the rate increase for Tri-State members. However, this does not mean that there are savings for SMPA, as the increase will have to be paid later once details are finalized and approved by FERC. A key component in the rate filing is the possible direct assignment of radial line expenses. A radial transmission line is like a spur that splits off from the main transmission line to serve a specific area. If FERC determines that, instead of a shared transmission expense, radial line expenses should be a direct assignment cost to the cooperative that utilizes the line, it will significantly impact SMPA as a large portion of

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
February 27, 2024 (Nucla and Zoom Virtual Meeting)

SMPA service territory is served by radial transmission lines. Additionally, FERC has denied a rehearing of the Contract Termination Payment (CTP) decision; if organizations decide to pursue an appeal, it will have to be at the United States Court of Appeals.

Rate Discussion

Manager Zaporski communicated that due to the threat of litigation from the Colorado Solar and Storage Association (COSSA), Holy Cross has abandoned its proposed rate structure change, which would have included a delivery charge line item. While Holy Cross has abandoned its proposed rate structure change, it still implemented a rate change that includes an increase to the access fee.

Manager Zaporski advised that the cost-of-service study is complete; now, staff are reviewing possible rate structures that could work for SMPA, entering them into a model and reviewing bill impact study results. Manager Zaporski discussed examples of possible rate structure changes, including the different components and options for building timing into the rates. Concurrently with modeling rates and reviewing bill impact studies, staff continue to work on the Time of Use (TOU) software project. The TOU project includes configuring software to track the time members use energy and how to display it on members' bills.

Introduction of Employee Guests

Greg James, Facility Maintenance Technician; Michael Therriault, Engineering Supervisor; Dustin Smuin, Fleet and Facilities Supervisor; Kelly Truelock, Senior Staff Accountant; Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Mark Prezbindowski, IT Specialist; and Brandon Sweet, Mechanic/Warehouseman, attended the meeting, either in person or virtually via the Zoom webinar platform.

Manager Zaporski introduced Brandon Sweet, SMPA's new Ridgway-based Mechanic/Warehouseman. Mr. Sweet informed the Board that he is a third-generation mechanic, professionally certified for 28 years. Mr. Sweet reported that he loves this area of Colorado and is excited to call it home and be part of the SMPA team.

Community Focus Donations

Executive Assistant MartyJo Davis informed the Board that the Community Focus Donation Program has \$372 in unspent funds for 2023. Board Policy 150, Community Focus, Section II, A, #4 states, 'any unused funds from a previous quarter will roll over to the next.' However, as it is the end of the year, a rollover requires Board approval. Following discussion, Director Garvey motioned to roll the \$372 of the 2023 unspent Community Focus Funds into the 2024 Community Focus program. Director Alexander seconded. The motion was voted and carried. This motion will be ratified at the March 2024 Board of Directors meeting as it did not meet the 10-day advance notice requirement.

The next donation review is scheduled for April 2024.

Board Donations

Director Cooney donated \$100 to KOTO Radio – Rockin with T. Brown.

Director Felicelli donated \$100 to KOTO Radio – Rockin with T. Brown.

Finance

Annual Director Expense Summary for 2023

Director Rhoades motioned to approve the 2023 Annual Director Expense Summary as presented. Director Garvey seconded. The motion was voted and passed.

2023 Financial Review

Manager Lehigh reviewed the 2023 unaudited financials and advised that SMPA met all financial ratios in 2023. He also reviewed modified/distribution equity, revenues, and expenses. He provided a service/infrastructure growth summary, highlighting that SMPA continues to grow, adding 195 new services and increasing overhead and underground line miles.

January 2023 Financial Report

Manager Lehigh reviewed the January financial report, noting that January revenues were higher than budget by .49%. The cost of power is trending under budget; however, that is because SMPA budgeted for a 6% rate increase from Tri-State that has not been implemented yet. The Tri-State rate plan is still pending Federal Energy Regulatory Commission (FERC) approval.

RUS Loan Approval Letter

Manager Lehigh advised that SMPA has received the Rural Utility Services (RUS) Loan approval letter, noting that the staff intends to draw funds in two tranches, one early in the year and the second in the fall.

Marketing & Member Services

EcoAction Partners – EV Readiness Report Presentation

Manager Freeman introduced Eco Action Partners Climate Action Coordinator Kendra Held. Ms. Held presented the EcoAction Partners Regional Electric Vehicle (EV) Readiness Plan, noting that the plan aligns with and supports numerous local, state and federal climate action plans to increase the use of EVs. Ms. Held advised that the plan is focused on how best to support EV adoption and EV charging infrastructure in our part of the State and region. Ms. Held reviewed EV market trends, discussed regional challenges to EV transition, and explained strategies developed to increase regional EV readiness.

Manager Freeman reviewed his report, highlighting the communication team's work with a statewide publication on an article about the Silverton GOLD microgrid project; several other publications have picked up the story, deepening the statewide coverage and spreading it to the national scope through the National Rural Electric Cooperative Association (NRECA) magazine posts. Manager Freeman noted this is a good example of local power being community-driven with positive results.

Information Technology

Manager Zaporski reviewed the IT report, noting that staff continues to work on configuring the Time of Use (TOU) rate for net metering members, how it will function, and how it will appear on members' bills.

Administration & Human Resources

Manager Zaporski reviewed the Administration and Human Resources report, highlighting that the workers' compensation audit is complete, and SMPA has gone another full year with no loss-time accidents.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, advising that staff have established biweekly meetings with the Red Mountain Project contractor and noting that materials appear to be on time for summer construction. Mr. Fox praised staff for their work in improving substation communications, adding that the SMPA safety manual is complete and the Nucla front office safety remodel is nearing completion.

7. BOARD TOPICS

San Miguel County Land Use Code (LUC)

The Board discussed San Miguel County's Land Use Code (LUC), noting that it applies to all solar arrays, small, medium, and large. Manager Freeman noted that public comments include the sentiment that if local renewable power development is going to occur, there must be an associated local benefit.

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown had nothing further to add beyond the EV Readiness presentation provided by EcoAction.

CREA- Debbie Cokes

Director Cokes advised that CREA's recent meeting was two days long. The first day focused on education, with Excel presenting information regarding its virtual power plant and Tri-State representatives presenting information regarding Distributed Energy Resource (DER) collaboration opportunities with member cooperatives. The second day featured guest speaker Senator Chris Hansen, who spoke about the need to build the resources for the energy transition.

Legislative Review

Director Cokes reported that the Colorado Energy Office has released a draft Clean Energy Plan for 2040.

Western United (WU)- Dave Alexander

Director Alexander advised that Western United is reducing inventory counts as a result of improved supply chain lead times, noting that transformers are an exception as they are still significantly delayed due to a steel shortage.

Tri-State- Kevin Cooney

Director Cooney advised that following FERC's ruling on Contract Termination Payment (CTP), Tri-State provided members with their CTP numbers. The CTP numbers are not expected to change as they are formula-based. Director Cooney informed the Board that the Tri-State Contract Committee is scheduled to begin in March; it is expected that the committee will make a recommendation to increase the 5% self-generation cap to 10% or higher and consider a Bring Your Own Resource Plan that could accommodate up to 35% of a members load as an option for members looking for a partial contract with Tri-State. Additionally, Tri-State may try to have cooperatives sign a contract extension. Ideally, Tri-State will provide a modeling that shows the financial impact of with or without contract extensions. Furthermore, Tri-State's Energy Resource Plan (ERP) filed with the Colorado Public Utility Commission (CoPUC) outlines multiple scenarios, including the preferred scenario of being awarded an extensive amount of IRA grant funding; if the grants are not awarded, the alternative scenarios will differ significantly.

9. ATTORNEY'S REPORT

Executive Session

Director Garvey made a motion at 1:39 PM to enter into an executive session for personnel and contractual issues. Director Cokes seconded. The motion was voted and carried. The Board entered executive session at 1:39 PM and came out at 2:13 PM. While in the executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including NRECA's PowerXChange/Tech Advantage Conference, scheduled for March 1 – 6, 2024, in San Antonio, TX and Tri-State's Annual Meeting, scheduled for April 2-3, 2024, in Westminster, CO.

11. MISCELLANEOUS

Tri-State Annual Meeting Voting Delegate and Alternate Delegate

Director Alexander motioned to appoint Jim Link as the independent third party to monitor the 2024 election. Director Rhoades seconded. The motion was voted and carried.


11. NEXT MEETING

The next regular Board of Directors meeting will be held on Tuesday, March 26, 2024, in Ridgway and via Zoom. The April 2024 meeting will occur on Tuesday, April 23, 2024, in Nucla and via Zoom.

12. ADJOURN

At 2:18 PM, Director Alexander motioned to adjourn the meeting. Director Garvey seconded. The motion was voted and carried.

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Doyleene Garvey, Secretary/Treasurer