

## 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 Directors regular meeting to order at 9:01 AM. The meeting was held in person at the Ridgway office location and via Zoom Video/Teleconference. Director Alexander, Director Garvey, Director Rhoades, Director Felicelli and Director Cooney attended the meeting in person at the Ridgway office. Director Brown attended the meeting via Zoom Video/Teleconference. No director for District 6 was present.

## 3. APPROVAL OF CONSENT AGENDA

Director Alexander motioned to approve the consent agenda (May 21, 2024), including the meeting minutes from April 23, 2024, and the ratification to approve General Manager/CEO Brad Zaporski's contract. Director Garvey seconded. The motion was voted and carried.

## 4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Garvey reported that she had been contacted by a member who is passionate about the Dark Sky initiative in the Nucla and Naturita areas. The member had several questions about dark sky-approved streetlight expenses and the timeline associated with getting the specific lights. Director Garvey followed up with the towns, who communicated they have the situation managed and advised that the members should talk directly with the towns if they have additional questions regarding the projects.
- A member in attendance at the meeting expressed the opinion that potential changes to the rate structure for net metering could lead to a significant reduction in solar installations.
- Manager Zaporski reported that SMPA and Tri-State staff attended an intergovernmental meeting in Silverton to discuss various upgrade projects aimed at improving reliability in the area. These included Tri-State's projects at the substation, SMPA's Red Mountain Reliability Improvement Project, and electrification/microgrid projects. Representatives from the government entities expressed their satisfaction with the reliability upgrades at the Tri-State substation, the kickoff of SMPA's Red Mountain Project and SMPA's efforts in electrification in the area.
- Director Cooney noted that there has been considerable discussion in San Miguel County concerning land use regulations related to solar energy. The Commissioners are expected to make a decision on this matter at their June meeting.

## 5. STRATEGIC PLANNING

Power Supply | Rates | Financial – To determine if our existing power supply contract best achieves SMPA's Mission while providing the financial and contractual flexibility necessary to meet our members' needs. – Lance Lehigh and Brad Zaporski

Manager Lehigh provided an overview of the timeline associated with the power supply objective. He noted that the discussion began in 2016 when Tri-State announced a rate increase and the closure of the Nucla Plant, covering key milestones from the objective's beginning to current events at the Federal Energy Regulatory Commission (FERC). Manager Lehigh outlined sub-objectives related to the power supply goal, which include aligning the long-term retail rate strategy with the wholesale price signal, implementing the Board's power

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supply decision, analyzing long-term capitalization strategies to ensure financial flexibility and capability to achieve our overall strategic objectives, and exploring and leveraging grants that best support SMPA's mission. Mr. Lehigh also reviewed initiatives developed to help achieve the overall power supply, rates, and financial objectives, discussed the associated timelines, and reviewed Key Performance Indicators (KPIs) for these initiatives.

Reliability & Resiliency – To ensure the ongoing reliability and resiliency of our power supply infrastructure while supporting our communities' overall resiliency efforts. Optimize the use of technology and strategic partnerships with a focus on wildfire mitigation. – Jeremy Fox and Mike Therriault

Manager Fox reviewed the initiatives the team is focusing on to achieve the overall reliability and resiliency objective. These initiatives include infrastructure hardening and upgrades, advanced grid-edge monitoring systems and smart grid technologies, vegetation management, data analytics, and the continuation and development of community partnerships. Mr. Fox discussed timelines associated with the initiatives and identified the Key Performance Indicators (KPIs) for these efforts. Additionally, Manager Fox highlighted completed projects and discussed ongoing projects that support the reliability and resiliency objective.

## 6. CEO ITEMS

### Power Supply Update

Manager Zaporski advised that he attended the open house at Guzman Energy's new office, noting the unique experience of observing the company's power trading floor, which differs from traditional power supplier processes. Guzman is exploring the construction of a large natural gas plant in Colorado and may serve more load than Tri-State in Colorado by mid-year 2028.

Discussions are ongoing with Tri-State regarding their Bring Your Own Resource (BYOR) plan, which is essentially the current iteration of a Partial Requirements Contract (PRC). Due to the contractual nature of the topic, further details will be discussed in the executive session. Manager Zaporski also mentioned that United Power has made its Contract Termination Payment (CTP) but continues to purchase a significant amount of power from Tri-State through a Power Purchase Agreement (PPA). He further noted that Northwest Rural Public Power District (NRPPD) failed to make their CTP payment. Although NRPPD considers itself no longer a member of Tri-State, Tri-State asserts that NRPPD remains a member. This matter will be resolved by the Federal Energy Regulatory Commission (FERC).

### Rate Discussion

Manager Zaporski reported that the majority of SMPA bills now display Time of Use (TOU) information, emphasizing that no rates have been changed; the bills are merely presenting the data.

Manager Zaporski advised that the workgroup formed by the state to discuss net metering policies continues to meet. This group includes representatives from utility companies, net metering members, and solar installers. Their discussions and recommendations will be presented to the Governor, with anticipated policy changes proposed for 2025.

Director Cooney informed the Board that Tri-State is scheduled to refile its rate with the Federal Energy Regulatory Commission (FERC) by the end of May. The updated filing will address the outstanding issues raised by FERC and will include a detailed breakdown of ancillary services, including radial lines. Additionally, Tri-State will submit its Bring Your Own Resource (BYOR) tariff to FERC for approval.

### **Introduction of Employee Guests**

Kelly Truelock, Senior Staff Accountant; Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Phil Zimmer, Energy Services Manager; Mark Prezbindowski, IT Specialist; Mike Therriault, Engineering Supervisor; Greg James, Facility Maintenance Technician and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

### **Community Focus Donations**

The next donation review is scheduled for July 2024.

### **Board Donations**

N/A

### **Finance**

One Card Corporate Credit Card Resolution 2024-02

Manager Lehigh advised that after thorough research, the staff is prepared to move forward with the US Bank/CFC One Bank Card for improved account management, increased internal controls and eligibility for member dividends. Director Alexander motioned to approve the One Card Corporate Resolution, authorizing the CEO to execute the agreement on behalf of the cooperative. Director Rhoades seconded. Following discussion, the motion was voted and carried.

Board Education – Key Performance Indicators

Manager Lehigh reviewed Key Ratio Trend Analysis (KRTA's), noting they are a set of indicators used to assess the performance of a cooperative. Manager Lehigh reviewed several KRTAs, including the average total of consumers served, total kWh sold, total number of employees, total utility plant, and total miles of line. Manager Lehigh discussed why they are important, what they represent and where to find them in the financial reports.

Financial Review

Manager Lehigh reviewed the finance report, noting a decline in interest rates and a reduction in daily spending since the first quarter. Staff continues to monitor expenses closely. Although operating revenues are below budget, expenses are also lower than anticipated, keeping SMPA in a strong financial position. All financial ratios remain healthy.

### **Marketing & Member Services**

Board Approval of SMPA Submission of multiple applications for the DOLA MCR Grant and authorization of SMPA Board's Letter of Commitment for each application.

Manager Freeman advised that should SMPA be successful in receiving the grant awards, SMPA will commit the required matching funds. However, this is not a final commitment but rather the first step. The projects will still need to undergo a financial proforma analysis, secure necessary financing, engage in a public bid process, and pending satisfactory results of all these steps, we would then proceed to the next phase of the process.

Director Alexander motioned to approve SMPA's submission of multiple applications for the DOLA MCR Grant and authorization of SMPA Board's Letter of Commitment for each application. Director Rhoades seconded. Following discussion, the motion was voted and carried.

Manager Freeman did not have any other items to add to his report.

### **Information Technology**

Manager Tea reviewed the IT report, highlighting the development of a Cybersecurity Protocols document designed to safeguard SMPA's digital assets, information, and infrastructure. This educational document aims to help staff identify suspicious activities and reduce cyber threats.

### **Administration & Human Resources**

Manager Rodriguez reviewed the Administration and Human Resources report, noting that SMPA's insurance carrier, Federated, recently conducted a site visit. They advised SMPA to prepare for an increase in premiums in 2025. The representative explained that this expected increase is due to industry-wide trends rather than any specific actions by SMPA.

The Board reviewed an updated Policy 101, Directors Creed. Revisions to the the policy include renaming the policy Director's Affirmation and simplifying the verbiage to point to SMPA's Mission, Vision, Core Values, Bylaws and Policies as the guiding light for Board Members. Director Brown motioned to approve Policy 101 as presented with updates. Director Alexander seconded. Following discussion, the motion was voted and carried.

The Board reviewed Policy 150, Community Focus. No updates proposed. Director Cooney motioned to approve Policy 150 as presented. Director Rhoades seconded. Following discussion, the motion was voted and carried.

### **Engineering | Operations | Safety and Regulatory Compliance**

#### **Cement Creek Update**

Mike Therriault, Engineering Supervisor, reported that Tri-State successfully delivered the mobile substation to the Cement Creek substation in Silverton. The Tri-State crew will now conduct preliminary testing, which includes rerouting some transmission lines in preparation for the scheduled outage on June 4, 2024.

#### **Red Mountain Update**

Manager Zaporski informed the Board that the Red Mountain project is scheduled to launch soon. Materials have begun arriving, and the contracted crew is scheduled to mobilize during the last week of May.

## **7. BOARD TOPICS**

### **Appoint District 6 Director**

The Board noted that the District 6 Director interviews are scheduled for May 29, 2024, in Ridgway.

### **Tri-State Director Donation**

Director Cooney advised that Tri-State offers its directors up to \$1,000 in donation funds to be used for non-profits at the Director's request. The Board discussed how to utilize the funds. Director Rhoades motioned to apply for a Tri-State Director Donation of \$1,000 to bolster the Sharing Success Grant. Director Alexander seconded. Following discussion, the motion was voted on and carried.

### **Tri-State Bring Your Own Resource (BYOR)**

Director Cooney explained that Tri-State's proposed Bring Your Own Resources (BYOR) initiative would enable cooperatives to pursue local renewable projects, allowing for up to 40% of their capacity to be sold to Tri-State. The BYOR Tariff details will be filed with FERC and require FERC's approval to proceed. The 40% capacity is determined based on each cooperative's peak in July 2022, aligned with Tri-State's peak. While this framework benefits summer-peaking cooperatives, it poses challenges for SMPA as a winter-peaking cooperative. The 40%

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capacity provision will allow for SMPA to pursue approximately 11 MW of local renewable projects. Under this program concept, Tri-State will purchase the output from cooperative projects at competitive rates to avoid any potential rate impacts on other Tri-State members. Tri-State will evaluate proposed projects based on these criteria to determine acceptance. While the proposed tariff does not explicitly mandate a contract extension, it represents a departure from the existing Wholesale Electric Service Contract (WESC). Tri-State may specify that participation in the new BYOR requires updating or extending the WESC. The Contract Committee will review these details and assess whether sufficient justification exists for any contract extension.

## **8. ASSOCIATED MEETING REPORTS**

Eco-Action- Toby Brown

Director Brown advised that Eco-Action has not had a Board meeting since February. However, the organization remains active, including having recently presented to the San Miguel County Commissioners on the topic of large-scale solar projects.

CREA- Brad Zaporski

CREA's annual joint Board and Manager Board meeting took place in Grand Junction. During the meeting, the manager group discussed the current state of the net metering working group. CREA is actively proposing recommendations to the working group while also contemplating the possibility of drafting its own legislation.

Western United (WU)- Dave Alexander

Director Alexander reported that Western United's performance remains strong, highlighting a slowdown in Colorado member orders contrasted with increased orders from New Mexico and Utah, positioning the organization for another record year. Western United is gradually reducing inventory as supply chain challenges ease.

Tri-State- Kevin Cooney

Director Cooney reported that Tri-State (TS) is preparing a detailed proposal to secure \$650 million in New Era grant funding. TS has received an invitation to submit this proposal, outlining its allocation towards initiatives such as stranded asset relief for coal plant closures and the development of renewable energy projects, among other objectives. Furthermore, Director Cooney highlighted that the Electric Resource Plan (ERP) includes the installation of over 1200 MW of new renewable energy and storage capacity between 2026 and 2031. By 2025, TS's generation portfolio is projected to comprise 50% renewable energy, up from the current 30%.

## **9. ATTORNEY'S REPORT**

Executive Session

Director Rhoades made a motion at 2:01 PM to enter into an executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered executive session at 2:01 PM and came out at 2:45 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.

## **11. MISCELLANEOUS**

Off-site Board Meetings

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The Board reviewed the upcoming schedule and possible off-premises meeting locations. Following discussion, the Board decided to host the July Board of Directors Meeting in Mountain Village and the September Board of Directors meeting in Silverton.

**12. NEXT MEETING**

The Annual Meeting will be held on June 6, 2024, in Nucla and via Zoom.

The June 2024 regular Board of Directors meeting will occur on Tuesday, June 25, 2024, in Ridgway and via Zoom.

The July 2024 Board of Directors meeting will occur on Tuesday, July 23, 2024, in Mountain Village Town Hall and via Zoom.

**13. ADJOURN**

At 2:53 PM, Director Rhoades motioned to adjourn the meeting with respect to all agenda items except item 7.A. regarding the appointment of the District 6 Director position, discussion and any potential Executive Session related to item 7.A. is temporarily suspended to allow the Board to proceed with District 6 Director Interviews. Director Garvey seconded. The motion was voted on and carried.

**14. RECONVENE**

On May 29, 2024, at 11:50 AM, Director Felicelli reconvened the May Board of Directors meeting regarding the appointment of District 6 Director. Director Garvey made a motion pursuant to Section 2 of Article III of the bylaws of San Miguel Power Association, Inc., that the Board of Directors appoint Valentine Szwarc to fill the Director vacancy in District 6. Director Rhoades seconded. The Board discussed the appointment process, noting that there were four applicants, the candidates were then verified, and interviews were conducted, resulting in the motion to appoint Valentine Szwarc. Following discussion, the motion was voted and carried.

**15. ADJOURN**

At 11:55 AM, Director Garvey motioned to adjourn the meeting. Director Alexander seconded. The motion was voted and carried.

DocuSigned by:  
  
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Toby Brown, Secretary/Treasurer