

## **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 9:02 AM. The meeting was held in person at the Ridgway office location and via Zoom Video/Teleconference. All Directors attended the meeting in person at the Ridgway office.

## **3. DIRECTORS CREED**

Swearing-in

Legal Counsel Jim Link reviewed the Directors' Affirmation, which serves as a pledge from the Directors to adhere to the SMPA Bylaws, policies, and the rules and regulations of the power company. The Affirmation also emphasizes the Directors' commitment to uphold the Cooperative's Vision Statement, Mission Statement and dedication to fostering a positive work culture and environment. Newly appointed District 6 Director Val Szwarc, newly elected District 1 Director Tom Loczy, and incumbent District 4 Director Toby Brown confirmed that they have read the Directors' Affirmation in full and agree to abide by its statements.

Election of Board Officers

Director Felicelli called for nominations for Board officers.

Director Brown motioned for Director Felicelli to continue to serve as the Board President. Director Rhoades seconded. No other nominations were made. Following discussion, the motion was voted and carried.

Director Felicelli motioned that Director Alexander continue to serve as the Board's Vice President. Director Rhoades seconded. No other nominations were made. Following discussion, the motion was voted and carried.

Director Felicelli motioned that Director Brown serve as the Board's Secretary/Treasurer. Director Alexander seconded. No other nominations were made. Following discussion, the motion was voted and carried.

Director Felicelli motioned that Director Loczy serve as the Board's Assistant Secretary/Treasurer. Director Alexander seconded. No other nominations were made. Following discussion, the motion was voted and carried.

## **4. APPROVAL OF CONSENT AGENDA**

Director Alexander motioned to approve the revised consent agenda (June 25, 2024), including May 21, 2024, meeting minutes and re-ratifications to appoint Valentine Szwarc as the District 6 Director. Director Rhoades seconded. The motion was voted and carried.

## **5. MEMBER OR CONSUMER COMMENTS**

General Member/Consumer Comments

- Director Cooney reported receiving feedback that the Town of Norwood would appreciate having SMPA staff speak with the town regarding microgrid projects that could support their community. Manager Zaporski advised that the staff has been in touch with the Town to schedule a date for staff to attend a council meeting.

- Director Szwarc advised that several Ridgway members have expressed their approval of the PV component of the Town's Green Street Sustainability Project; however, a small group of members have vocalized their opposition to it.
- Director Szwarc reported that several members had contacted him regarding Time of Use (TOU) rates, expressing concerns that certain entities, businesses, and individuals might struggle to shift their peak demand. He advised the members that the rate study is still in progress and assured us that he would share this feedback with the staff and Board for further consideration.
- Director Felicelli communicated he had been contacted by a realtor concerning the power to a lot on Hastings Mesa; Director Felicelli referred them to staff to discuss details of individual properties.

## 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 reviewed the strategic initiatives designed to enhance member education and engagement. These initiatives focus on bolstering energy literacy among the SMPA Board, employees, and membership; educating members on the uses and benefits of SMPA tools; demonstrating opportunities for local power integration; and showing members how they are empowered by timing their energy use. He provided an update on specific tasks within each initiative, highlighting completed items, discussing timelines for tasks in progress or upcoming, and noting several tasks that have been moved from the Member Education & Engagement objective to the Power Supply | Rates | Financials objective, as they align better with that objective.

Information Technology- To leverage technology that maximizes internal efficiencies and enhances the members' experience while protecting our electronic assets. – Doug Tea and Mark Prezbindowski

Manager Tea reviewed the strategic initiatives developed to leverage technology to maximize internal efficiencies and enhance the members' experience while protecting assets. These initiatives focus on cybersecurity, maximizing integration opportunities, developing tools to support data-driven decisions, and implementing budgeted software projects while anticipating and planning for an evolving grid. Manager Tea highlighted rapidly evolving technologies, such as Artificial Intelligence (AI) and some of its applications. He noted that while AI offers significant efficiency gains, it also presents cybersecurity risks and, therefore, should be embraced with caution. Mr. Tea then discussed the cybersecurity procedures in place to protect SMPA's electronic assets, emphasizing that staff is proactively monitoring cybersecurity and closely following evolving best practices. He provided an update on the Meter Data Management (MDM) / Time of Use (TOU) project, outlining the next steps, progress, and challenges associated with the project.

## 6. CEO ITEMS

Power Supply Update

Manager Zaporski reported that Tri-State's rate filing at the Federal Energy Regulatory Commission (FERC) is pending approval by FERC. Tri-State filed the rate with four reserved issues, with the hopes that by pulling out the most contentious issues to be reserved for litigation, they could get their rate approved, which would be beneficial to them. Manager Zaporski further explained that filing with reserved issues means that Tri-State is requesting FERC approve the majority of the rate while reserving/putting aside specific issues to be litigated further while the rest of the filing will go into effect. Reserved issues include how Tri-State will charge between the Eastern and Western interconnect, how to charge for non-network transmission, and how the members of Tri-State should pay for regulatory costs and tilt. Manager Zaporski explained that tilt is where Tri-State rate land with respect to the FERC predominance method or the Peaker method of charging for wholesale power, further

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breaking it down by explaining that in layperson's terms, it's whether the rate benefits people with a low load factor or high load factor depending on the tilt. Manager Zaporski reported that SMPA has intervened in the rate issues, closely monitoring the situation and being prepared to engage when needed, including engaging legal representation at FERC if/when needed. Additionally, Tri-State has submitted its Bring Your Own Resource (BYOR) tariff to FERC for approval. SMPA has intervened in the filing; additional details will be discussed in executive session as they are contractual and legal in nature.

#### Rate Discussion

Non-Network/Radial Transmission Analysis Presentation- Matt Fitzgibbons Power Service Engineering (PSE) Manager Zaporski introduced Matt Fitzgibbons of Power Service Engineering; the consultant hired to examine radial line transmission issues. Manager Zaporski mentioned that Tri-State's recent rate filing at FERC included rolled-in rate treatment of transmission facilities; however, several parties protested this treatment at FERC. As a result, a settlement may be reached due to these protests, potentially requiring SMPA to cover 100% of the non-network transmission costs, which could add up to \$1.6 million annually to SMPA's wholesale power bill. Mr. Fitzgibbons presented models to determine the best path forward, considering various revenue and economic impacts of purchasing or not purchasing the non-network/radial line transmission assets. He provided an economic analysis of the revenue requirements for Tri-State, comparing the costs and revenue requirements of purchasing assets versus contracting out the work. Mr. Fitzgibbons emphasized that the analysis model is being developed to process new data as it becomes available quickly. Factors impacting revenue requirements for purchase include interest expense of asset financing, O&M equipment financing, additional O&M labor/benefits costs, additional depreciation expenses, and increased contracted O&M and general expenses for insurance, safety training, and parts/equipment. Mr. Fitzgibbons reviewed a chart comparing the expenses of purchasing the assets to paying an annual direct assignment cost over a 30-year period. Current data indicates that around year 19, SMPA could start to see a decrease in expenses. He noted that the model is designed to incorporate new data as it evolves, and the team is closely monitoring the situation.

Manager Zaporski pointed out that the data from the non-network/radial transmission line analysis is just one piece of the puzzle in evaluating the overall power supply goals.

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. TOU is generating conversations among the members, which is beneficial, as the intent is to engage with the membership, educate them on the impact of their consumption patterns, and gather feedback. Manager Zaporski noted that as the way power is used evolves, with more members embracing beneficial electrification such as electric vehicles (EVs) and power tools, it is important to consider that rate structures may need to evolve as well. He advised that any proposed rate structure changes will be data-driven, noting that rates involve more considerations than just math.

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 in August, with anticipated policy changes proposed for 2025.

### **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**

Director Brown donated \$200 to the Ouray Food Pantry.

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

Director Brown donated \$200 to Tri-County Health.

### **Finance**

#### **Board Education**

Manager Lehigh presented on Equity Management, explaining its purpose is to provide structure and guidelines to maintain a financially healthy cooperative through equity stabilization and long-term growth. He noted that it is a part of sound financial planning and allows the cooperative to leverage its ability to utilize debt capital and equity to fund operations, capital assets, and patronage return on investment. SMPA's Equity Management policy outlines the acquisition, allocation, use, and retirement of debt. It balances debt and equity capital requirements with present-day rates and ensures compliance with state and federal agencies, Generally Accepted Accounting Principles (GAAP), and SMPA bylaws.

#### **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**

#### **Notice to Members Regarding Unclaimed Member Dividends**

Manager Freeman advised that the unclaimed member dividends list has been published on SMPA's website. Notice has been given to the membership, along with instructions to help members search for specific names. Manager Freeman explained that unclaimed member dividends fund SMPA's scholarship program and Community Focus Funds donation program.

Manager Freeman reviewed his report, noting that SMPA has launched the Cooperative Difference survey, aimed at assessing member attitudes and perceptions of the cooperative. The survey is being sent to random email addresses until 250 responses are received, as this is the number needed to generate a statistically significant sample size.

### **Information Technology**

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

### **Administration & Human Resources**

Manager Rodriguez reviewed her report, highlighting that an outside auditing firm has completed a benefits audit, finding no issues or recommendations.

The Board reviewed Policy 203, Equity Management. Director Brown motioned to approve Policy 203 as amended, which includes describing how to handle capital credit for inactive members. Director Alexander seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 309, Renewable Energy Rebates, with minor grammatical changes proposed. Director Alexander motioned to approve Policy 309 as presented. Director Rhoades seconded. Following discussion, the motion was voted and carried.

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

Manager Fox reviewed his report, noting that the contractors working on the Red Mountain Electrical Reliability and Broadband Improvement Project (RMERBIP) are making progress, and most of the necessary materials have arrived for the project.

## **7. BOARD TOPICS**

### **Election Ballot**

Director Loczy discussed opportunities for process improvement in SMPA's election process. These include enhancing communication about electronic voting versus paper ballots, clarifying the ballot drop-off process, and ensuring that both names are included on ballots for joint accounts.

### **IEEE Spectrum Article on Kauai Island Electric Group**

Director Szwarc shared an article about the Kauai Island Utility Cooperative's use of renewable energy and grid-forming inverters for informational purposes.

### **Ouray County Master Plan Update**

Director Szwarc informed the Board that Ouray County is currently updating its Master Plan, which includes proposed language discouraging utility-scale renewable projects. The Board discussed drafting a general letter of support for solar projects within the SMPA service territory, provided they are appropriately sited, have local support, and are smaller in scale.

## **8. ASSOCIATED MEETING REPORTS**

### **Eco-Action- Toby Brown**

Director Brown reported that Eco-Action held a highly successful spring cleanup in the Telluride area, resulting in the collection of 24,000 pounds of electronic waste. Additionally, Eco-Action is concentrating on educational programming for children in schools, focusing on Beneficial Electrification (BE), and they operated a booth at the Telluride Bluegrass Festival, effectively managing recyclables, composting and trash during the event.

### **CREA- Brad Zaporski**

Manager Zaporski advised that CREA has submitted redlines concerning proposed updates to net metering to the state net metering working group. The redlines propose eliminating the monthly credit process.

### **Western United (WU)- Dave Alexander**

N/A

Tri-State- Kevin Cooney

Director Cooney advised that Tri-State and the Colorado Public Utility Commission have reached a tentative settlement agreement regarding the closure of coal plants in Craig, Colorado. Director Cooney reported that Tri-State (TS) is preparing a detailed proposal to secure \$650 million in New Era grant funding. Director Cooney highlighted that with TS's new solar plants, they set a new renewable energy record of 87% penetration on May 24, 2024.

**9. ATTORNEY'S REPORT**

Legal Counsel Jim Link advised that the Town of Ridgway adopted an ordinance to comply with SMPA's request in the Franchise Agreement.

Executive Session

Director Rhoades made a motion at 2:03 PM to enter into an executive session for personnel and contractual issues. Director Loczy seconded. The motion was voted and carried. The Board entered executive session at 2:03 PM and came out at 3:10 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**

Director Brown motioned for staff to apply for grant funding under the New ERA Grant/Inflation Reduction Act with resolution 2024-03. Director Alexander seconded. Following discussion, the motion was voted and carried.

**12. NEXT MEETING**

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

The August 2024 Board of Directors meeting will occur on Tuesday, August 27, 2024, in Ridgway and via Zoom.

**15. ADJOURN**

At 3:15 PM, Director Loczy motioned to adjourn the meeting. Director Rhoades seconded. The motion was voted and carried.

Signed by:  
  
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Toby Brown, Secretary/Treasurer