

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 9:06 AM. The meeting was held at SMPA's Ridgway office location and via Zoom Video/Teleconference. All Directors attended the meeting in person at the Ridgway office.

3. APPROVAL OF CONSENT AGENDA

Director Loczy motioned to approve the consent agenda (August 27, 2024), including July 23, 2024, meeting minutes and the adjournment of July 23, 2024, Agenda Item 9A. Approval of Amended Ridgway Franchise Agreement. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Loczy informed the Board that several members had reported receiving scam phone calls from individuals falsely identifying themselves as representatives of SMPA, threatening disconnection of services. Staff indicated they would conduct member outreach to raise awareness and caution members about potential scammers posing as SMPA.
- A representative from ZGeo Energy expressed their belief that there is a promising opportunity to explore geothermal energy within SMPA's service territory, which could align well with Tri-State's Bring Your Own Resource (BYOR) tariff.
- Manager Zaporski informed the Board that EcoAction Partners and Alternative Power Enterprises submitted a joint letter to staff officially supporting SMPA's development of an effective Time-of-Use (TOU) rate.
- A representative from EcoAction Partners attended virtually, expressing support for the gentle implementation of a time-of-use (TOU) rate structure to address peak rate costs and modernize billing, emphasizing that it is an opportunity to reduce overall utility costs and provide options for members who choose to prioritize different scenarios. The representative noted their belief that with appropriate measures and considerations, a time of use rate structure can support our region in accomplishing the goals within the Regional Climate Action Plan.
- A representative from Alternative Power Enterprises, Inc. attended the meeting in person and expressed support for the time-of-use rate structure. He suggested considerations to accommodate solar net metering customers, which would further encourage the adoption of rooftop solar and Beneficial Electrification (BE).
- A member attending virtually expressed interest in SMPA providing a press meeting following Board meetings to update interested parties. Additionally, the member expressed support for a rate structure change that would mitigate regular customers' subsidizing of net meter customers and address net meter customers not paying enough of the electric bill.

5. COLORADO RURAL ELECTRIC ASSOCIATION (CREA) OVERVIEW

Kent Singer, Executive Director of CREA, provided an update on recent staff changes within the organization. He also discussed developments in net metering, noting that the Governor's appointed working group had not reached a consensus on the future direction for net metering. Therefore, the existing statutes will remain in

effect, noting it is unclear if another party will attempt a draft bill. Mr. Singer communicated that CREA's current position is in support of local coops remaining in control of their net metering details as they are controllable through rates dictated by the Board. Additionally, Mr. Singer informed the Board of several relevant legislative issues, including potential legislation for wildfire mitigation and the possible establishment of guidelines regarding public safety power shut-offs, among other topics.

6. 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 summarized key developments related to the power supply objective that have occurred since August 2024, focusing primarily on matters concerning Tri-State and filings with the Federal Energy Regulatory Commission (FERC). Manager Lehigh provided an update on power supply initiatives, noting staff continues to work with consultants for cost of service study and modeling with plans to show a final rate tariff proposal to the Board at the October 2024 Board of Directors meeting. Manager Zaporski informed the Board that staff currently recommends continuing with Tri-State as the wholesale power provider. He noted that the current business cycle is not favorable enough to exit Tri-State; however, favorable conditions may emerge closer to the end of SMPA's Wholesale Energy Service Contract (WESC), potentially resulting in a lower buyout cost for the remaining contract. Additionally, he expressed optimism that interest rates, as well as capacity and energy market conditions, will improve by that time. Manager Zaporski advised that staff recommends discontinuing borrowing from the Rural Utility Services (RUS) and exploring alternative funding options. While transitioning from RUS to a different lender may result in interest rate increases, the efficiency gains and staff time savings are expected to outweigh the additional costs. Manager Freeman shared updates on grant applications and potential federal investment tax credit incentives, highlighting that SMPA has been awarded over \$4 million in planning grants.

2025 Rate Presentation, Shaurice Moorman – Power Service Engineering

Shaurice Moorman, Senior Consultant with Power Service Engineering, explained that rate design blends analytical results with practical and political factors. She outlined the rate and cost of service study process, covering revenue requirements, class responsibility, and rate design to ensure equitable cost recovery. Ms. Moorman reviewed key data used in determining revenue needs, including expenses for purchased power, transmission, distribution, and depreciation, amongst other expenses. She also explained that time-of-use (TOU) rates, similar to airline or hotel pricing, reflect higher rates during peak demand times. TOU rates, Ms. Moorman noted, encourage members to shift usage to off-peak hours and support beneficial electrification. She concluded by reviewing several strawman TOU rate scenarios and showing their impact on various rate classes.

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. Notable achievements included the near completion of Phase 1 of the Red Mountain Electric Liability and Broadband Improvement project and the implementation of fire mitigation measures at several substations. The team also discussed the Pano AI project and experiences during the recent

wildfire, noting the effectiveness of their AI technology in detecting and alerting fire departments to fires to increase response times to fires. Lastly, Mr. Fox highlighted the upgraded Cement Creek substation.

7. CEO ITEMS

Power Supply Update

Rate Discussions

Manager Zaporski had nothing to add to the power supply or rates discussion beyond the updates provided during the Power Supply, Rates, and Financial Strategic Objective presentations.

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 October 2024.

Executive Assistant MartyJo Davis informed the Board that following the July donation review cycle, matching donation requests were submitted to Basin Electric, and Basin was unable to fulfill all the requests due to the depletion of their charitable giving funds for the year. According to Basin Electric's Charitable Giving Coordinator, this marks the first time the company has exhausted its funding so early in the year. The Basin donation committee is scheduled to meet to consider whether to increase the budget to support pending matching requests. Additionally, the committee will review the overall program, including its guidelines, application and review process, and funding levels.

Board Donations

Director Szwarc donated \$100 to Ouray Food Pantry.

Director Cooney donated \$200 to Angel Baskets.

Finance

Board Education

Manager Lehigh presented Key Performance Indicators (KPIs), focusing on Current Ratio (current assets to current liabilities), equity as a % of assets, long-term debt as a % of total assets, long term debt as a % of plant/capitalization and days of cash on hand, noting that each of these is an indicator of SMPA's financial stability. Manager Lehigh further explained their significance, what they represent, and where they can be found in the financial reports.

Financial Review

Manager Lehigh reviewed the finance report, advising the decrease in cash on hand is due to heavy investment in system-hardening projects while noting that the overall financial ratios remain stable. Manager Lehigh reported that Tri-State's A41 rate took effect on August 1. As a result, a significant portion of \$700,000 previously shown as under budget will be utilized between now and the end of the year.

2023 Capital Credit Allocation

Manager Lehigh reviewed capital credits/member dividends and proposed moving forward with a total allocation of \$1,510,986 for 2023. (\$1,375,320 cooperative bucket and \$135,666 from the G&T bucket. Following the discussion, Director Rhoades motioned to allocate \$1,510,986 in capital credits/member dividends for 2023. Director Alexander seconded. The motion was voted and carried.

Marketing & Member Services

Manager Freeman reviewed his report, highlighting that staff will initiate Phase II of the Idle Services Policy implementation. This phase involves further communication with the remaining idle services accounts to give them the option to either come into compliance with our policy of paying the monthly line retention fee or have the service retired.

Information Technology

Manager Tea reviewed his report, highlighting the upgrade of the servers, operating system, and database. He mentioned that this significant project will put us in an excellent position for the future, helping us handle and move forward with our upcoming projects.

Administration & Human Resources

Manager Rodriguez reviewed her, discussing the upcoming benefits open enrollment period, current open positions, and the near completion of the Meadowlark Housing Unit in Mountain Village, which will offer Telluride-based crew member housing options.

The Board reviewed Policy 301, Line Extensions & Alterations. Manager Fox reviewed policy 301, highlighting its objective of setting forth the service and distribution line extension and alteration requirements to be observed by SMPA in a manner that fairly allocates the cost of system growth and minimizes the effect of growth upon rates. Manager Fox noted that the only proposed update is to adjust the temporary service definition from 18 months to 12 months to align with state electrical inspection guidelines. Following discussion, the Board decided to defer a decision on the policy to allow time for further review of the policy details regarding facility reinforcement fees and service sizes.

The Board reviewed an updated Policy 306, Member Access to Information. The proposed updates included minor grammatical changes. After review of the proposed updates, Director Brown motioned to approve Policy 306, Member Access to Information, as amended. Director Rhoades seconded. The motion was voted and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting several facility upgrades, including the completion of the Cement Creek substation upgrade and new fencing at the Telluride office location.

8. BOARD TOPICS

Board Letter Expressing Support of Solar in SMPA's Service Territory

The Board reviewed an updated draft letter expressing SMPA's support for solar energy within its service territory. After reviewing the letter, Director Szwarc motioned to approve it as written and to send it to political entities within SMPA's service area. Director Loczy seconded. Following discussion, the motion was voted and carried.

Board Procedure 1008 – Cell Phone Procedure

Manager Tea reviewed a draft Cell Phone Procedure for the Board. The purpose of the policy is to allow the Board the flexibility of using personal phones to access SMPA emails while providing provisions for SMPA to access the phone to mitigate any cyber security issues that may arise. After reviewing the procedure details, Director Brown motioned to adopt Board Procedure 1008 – Cell Phone Procedure as presented. Director Alexander seconded. Following discussion the motion was voted and carried.

CREA 2025 Education Schedule Discussion

Director Szwarc reviewed the director courses available through CREA and asked the Board to inform him if they are interested in any specific topics. This feedback will help CREA consider including those topics in their 2025 education calendar.

9. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown shared EcoAction Partners' Greenhouse Gas (GHG) Emissions Inventory and Forecast with the Board and provided an overview, noting the report reflects the challenges our region faces as it grows—population increases, larger homes, tourism development, and expansion on the western slope—all of which make it increasingly difficult to reduce greenhouse gas emissions significantly. This raises the question of how to move the needle on emissions reduction. Director Brown also noted that EcoAction has had to turn away CARE candidates due to depleted 2024 funds, suggesting that the budget for 2025 could potentially be increased to address this issue.

CREA- Val Szwarc

Director Szwarc advised that the next CREA meeting is scheduled for the end of the week.

Western United (WU)- Dave Alexander

Director Alexander advised that the next WU meeting is scheduled for the end of the week.

Tri-State- Kevin Cooney

Director Cooney provided several updates from Tri-State, reporting that in June, 48% of Tri-State's member load was met by renewable energy. He also noted that FERC has accepted Tri-State's A41 rate and the Bring Your Own Resources (BYOR) tariff. Director Cooney informed the Board that the contract committee will reconvene to address several items, including discussions on strategies to avoid contract extensions.

Manager Zaporski informed the Board that Tri-State's CEO, Duane Highley, has accepted SMPA's invitation to attend the November Board of Directors meeting.

10. ATTORNEY'S REPORT

Communications Executive Alex Shelley reported that staff, under the direction of SMPA's election monitor, investigated concerns regarding ballots in the recent District #1 Board Election. Recommendations were made to improve the balloting process in future election cycles. Key items discussed included ensuring that all marketing materials and e-ballots will inform members that paper ballots will also be mailed, and that paper ballots will include instructions with the option to drop them off at SMPA offices. Additionally, staff will ensure

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San Miguel Power Association
Board of Director Meeting Minutes of
August 27, 2024 (Ridgway and Zoom Virtual Meeting)

that the names of all joint account holders are provided to the ballot company and the election monitor when producing member lists.

Executive Session

Director Loczy made a motion at 3:27 PM to enter into an executive session for personnel and contractual issues. Director Rhoades seconded. The motion was voted and carried. The Board entered executive session at 3:27 PM and came out at 4:12 PM. While in the executive session, no decisions were made, nor votes taken.

11. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including CREA's Energy Innovations Conference scheduled for October 26-29, 2024, in Westminster, CO and NRECA's Winter School for Directors scheduled for December 13-17, 2024, in Nashville, TN.

12. MISCELLANEOUS

SMPA will be hosting several upcoming 'Power Hour' events as part of its ongoing member outreach and education efforts. These events offer a unique opportunity for members to engage directly with cooperative staff and directors in a relaxed, meet-and-greet atmosphere. Attendees can enjoy casual conversations while learning about the latest developments, initiatives, and future plans of the cooperative. Power Hour provides a platform for members to ask questions and share feedback.

13. NEXT MEETING

The September 2024 regular Board of Directors meeting will occur on Tuesday, September 24, 2024, in Silverton at the Grand Imperial Hotel and via Zoom virtual meeting.

On October 15, 2024 a Budget Work Session will be held in Ridgway and via Zoom virtual meeting.

The October 2024 regular Board of Directors meeting will occur on Tuesday, October 22, 2024, in Nucla and via Zoom Virtual Meeting.

14. ADJOURN

At 4:19 PM, Director Alexander motioned to adjourn the meeting. Director Rhoades seconded. The motion was voted and carried.

Signed by:



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Toby Brown, Secretary/Treasurer