

## **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 9:05 AM. The meeting was held at the SMPA's Ridgway Office, CO, and via Zoom Video/Teleconference. All Directors attended the meeting in person at SMPA's Nucla Office.

## **3. APPROVAL OF CONSENT AGENDA**

Director Alexander motioned to approve the consent agenda (October 22, 2024), including meeting minutes for September 24, 2024. Director Rhoades seconded. The motion was voted and carried.

## **4. MEMBER OR CONSUMER COMMENTS**

General Member/Consumer Comments

- Director Rhoades reported receiving feedback from a member expressing dissatisfaction with the generator in Silverton not yet being operational. The member voiced disappointment that it could not be utilized during the recent outage, noting that, given the cost of the generator, it should be a reliable resource already.

## **5. RATE PROPOSAL AND RECOMMENDATION PRESENTATION**

Rate Proposal and Recommendation Presentation

SMPA's rate proposal presentation, delivered by Wiley Freeman, Manager of Member Services, Brad Zaporski, GM/CEO, and Alex Shelley, Communications Executive, addressed the cooperative's unique challenges and strategies for sustainable cost management in an evolving energy industry. The presentation emphasized the rapid adoption of Beneficial Electrification (BE) and Renewable Energy (RE) sources, necessitating innovative approaches to cost recovery and energy management. Manager Freeman highlighted the rural nature of SMPA's 3,600-square-mile service territory, characterized by rugged terrain and an infrastructure density of only 7 meters per mile. He noted the need to adapt to the intermittency of renewable energy generation by rethinking energy use patterns. He emphasized the importance of shifting revenue recovery from variable energy sales to fixed access charges. Manager Zaporski reviewed the impacts of a 6.2% wholesale power cost increase. He noted that the strategic use of rate stabilization funds allowed SMPA to mitigate the impact on members, transitioning to a gradual adjustment approach. This included a \$2 access charge increase in 2024 and a proposed \$3 increase in 2025, aimed at addressing fixed costs while maintaining affordability for members. The proposed rate structure incorporates time-based pricing, with a peak rate of \$0.22/kWh (4-9 PM) and an off-peak rate of \$0.11/kWh. This structure incentivizes members to shift energy usage to lower-cost periods. Manager Freeman noted that 77% of the average home's energy is consumed during off-peak hours, offering a potential for savings. Most members are expected to experience minimal bill impacts, supported by tools such as SmartHub and programs like rebates for smart thermostats and energy storage to optimize consumption. Communications Executive Alex Shelley provided an overview of the "Timing Matters" campaign, designed to inform members and solicit their feedback via newsletters and meetings. The information gathered through this member engagement campaign played a key role in shaping the proposed rate structure to align with member needs and priorities.

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#### Member/Public Comment on Rate Proposal and Recommendation

- Director Loczy informed the Board that despite SMPA's efforts to communicate the proposed rate changes, the members he spoke with were unaware that SMPA is proposing a Time of Use (TOU) Rate. Director Loczy expressed his belief that he does not feel members are going to be happy with the TOU Rate.
- Director Cooney shared that his discussions with members became more engaging once they understood that the proposed rate structure offers savings during 19 hours of the day.
- Director Felicelli reported that he received feedback from a member who is concerned that a Time-of-Use (TOU) rate may negatively impact their households.
- A member in attendance acknowledged that while "Timing Matters" information has been shared for some time, they believed the exact rates being considered should have been disclosed earlier to give members more time for informed feedback. They suggested that SMPA provide billing comparisons, showing past 12-month costs versus costs under the proposed rates, to enhance understanding. Additionally, they expressed a preference for postponing the rate decision to allow for broader member awareness and input.
- A member participating virtually shared concerns about the proposed rate structure, expressing their belief that it disproportionately impacts net-metered customers. They projected a significant annual bill increase despite substantial investments in solar energy systems. The member emphasized the importance of supporting solar adoption and battery storage to align with SMPA's goals of reducing peak demand and enhancing sustainability.

#### 2025 Rate Proposal Discussion and Decision

The Board of Directors engaged in an in-depth discussion regarding the 2025 rate proposal, which includes a \$3 monthly base rate increase and the introduction of a Time-of-Use (TOU) rate structure. Director Felicelli emphasized the importance of the \$3 access fee increase to help recover fixed costs and address capacity charges, aligning with the evolving energy landscape driven by renewable energy and beneficial electrification initiatives. Director Brown noted that most members are expected to experience minimal financial impact, with potential savings during 19 hours of off-peak rates. The Board reaffirmed its commitment to minimizing lifestyle disruptions by providing members with tools and resources to manage their energy usage effectively. The Directors highlighted the importance of ongoing education and outreach efforts to prepare members for the May implementation of the TOU rate. The Board also discussed the potential impact on net-metered members and discussed the possibility of additional incentives for battery storage and solar systems to support renewable energy adoption and help these members better manage energy.

Following discussion, Director Brown motioned to approve the rate changes, with the \$3 access fee increase effective in January and the TOU rate with demand rates effective in May. Director Szwarc seconded the motion, which passed with a 6-1 vote. Director Loczy cast the dissenting vote, requesting it be recorded while affirming his commitment to supporting the Board's final decision. Director Felicelli reiterated the importance of unified Board support for the adopted resolution.

#### **5. STRATEGIC PLANNING**

**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 provided an update on the reliability and resiliency strategic objective. The update focused on initiatives designed to maintain the reliability of SMPA's infrastructure while supporting community-wide

resiliency efforts. Key initiatives included infrastructure hardening, grid technology advancements, vegetation management, strategic partnerships, and leveraging new technologies such as artificial intelligence and microgrid solutions. Notable progress was highlighted in projects like the Red Mountain rebuild, substation upgrades, and grant-supported efforts to enhance hosting capacity for solar energy and battery storage. The Board also discussed ongoing challenges, including capacity constraints on heavily loaded circuits, the need for comprehensive member education regarding grid limitations, and the future impact of high solar penetration. Plans were shared to explore advanced monitoring tools and software to better manage the grid, identify vegetation risks, and analyze system harmonics to ensure power quality.

#### Geothermal Project Presentation

Wendy Fenner from Z Geo Energy presented on a geothermal energy project at Good Shepherd Ranch in SMPA's service territory, leveraging the Ridgeway Fault's geothermal potential. The project focuses on renewable, baseline energy generation with minimal environmental impact, aligning with federal incentives for coal transition communities. Exploration drilling is set for spring, supported by partnerships with industry leaders and agencies. Ms. Fenner highlighted plans to create year-round jobs, enhance local energy resilience, and explore uses like greenhouses utilizing waste heat. The project is being scaled to meet local and regional energy needs, with ongoing engagement with state and federal stakeholders.

## 6. CEO ITEMS

#### Silverton Outage

Tri-State's Senior VP of Operations, Chris Pink, provided an overview of the recent Silverton outage, which was attributed to a broken static line guide caused by severe weather. The extended duration of the outage was compounded by factors such as rugged terrain, harsh weather conditions, and the line's temporary configuration for vegetation management. Mr. Pink highlighted the efforts of Tri-State crews, who were redeployed from various regions and utilized specialized resources to restore power under challenging circumstances. Additionally, SMPA crews contributed to the restoration effort, and Tri-State expressed gratitude for their support. During the discussion, Tri-State also addressed questions regarding workforce reductions, equipment availability, and preventative maintenance, offering transparency and clarifying the organization's operational capabilities.

#### Power Supply Update

Manager Zaprorski introduced Duane Highley, CEO and General Manager of Tri-State Generation & Transmission, who provided an insightful update on key initiatives and developments at Tri-State. Mr. Highley reaffirmed the cooperative's commitment to delivering reliable, affordable energy while advancing sustainability. Despite rising costs, Tri-State has successfully minimized rate increases since 2017 through cost-cutting measures and operational efficiencies. Mr. Highley highlighted progress toward an ambitious 89% decarbonization target by 2030, surpassing Colorado's requirements. This progress is driven by strategic investments in renewables, battery storage, and the retention of natural gas plants to ensure reliability during severe weather events. He also detailed the \$2.5 billion in federal loans secured through the Inflation Reduction Act, which will support energy transition efforts and address stranded costs from coal plant retirements. Mr. Highley explained the rationale behind extending member contracts beyond 2050, a move aimed at managing costs, enhancing investment flexibility, and sharing risks among members. Highley noted that analyses are underway to evaluate the rate impacts on members who choose not to extend their contracts. Additionally,

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Tri-State's planned transition into the Southwest Power Pool (SPP) by 2026 will integrate its transmission network into a larger regional system, preserving cooperative benefits while meeting evolving energy demands.

#### Executive Session

Director Loczy made a motion at 2:00 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 2:00 PM and came out at 3:55 PM. While in the executive session, no decisions were made, nor votes taken.

#### Introduction of Employee Guests

Manager Zaporski introduced Paul Hora as SMPA's returning Key Accounts Executive, noting that while he is 'new' to the position, he has previously served in the role, and the team is pleased to welcome him back. Mr. Hora expressed his enthusiasm and gratitude for the opportunity to rejoin SMPA, describing the experience as akin to "coming home." He commended the warm reception and the exceptional onboarding process, which enabled him to hit the ground running. Mr. Hora outlined his involvement in key initiatives, including time-of-use outreach and securing grants for fast-charging infrastructure. He conveyed his sincere appreciation for the team's support and the strong sense of belonging he has experienced since his return.

Kelly Truelock, Senior Staff Accountant; Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Phil Zimmer, Energy Services Manager; 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 January 2025.

#### Board Donations

Director Alexander donated \$300 to Norwood Schools – 2<sup>nd</sup> & 3<sup>rd</sup> Grade Classes/Shelly Donnellon.

Director Rhoades donated \$200 to the Silverton Volunteer Fire Department.

Director Rhoades donated \$200 to the Ouray Volunteer Fire Department.

Director Cooney donated \$200 to the Telluride Fire Department.

Director Szwarc donated \$100 to the Ouray County Food Bank.

#### Finance

##### Financial Update

Manager Lehigh advised the Board that due to the shortened month, financials are not available yet.

##### Member Dividend Review and Discussion

Chief Financial Officer Lance Lehigh introduced the Member Dividend Proposal for preliminary review, with plans to finalize details for Board review and approval at the December meeting. The proposal includes retiring \$1.1 million in member dividends at the end of 2024, adhering to cooperative tradition. Mr. Lehigh provided an overview of the financial framework, including margin generation, equity management, and historical allocations. The recommended approach prioritizes 1995 and 1996 balances using a First-In-First-Out (FIFO) method, consistent with the cooperative's equity management plan and 30-year allocation cycle.

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**Marketing & Member Services**

Set Annual Meeting and Election Date/Location

Director Rhoades motioned to set the Annual Meeting date for June 5, 2024, at the SMPA facility in Ridgway, with the event to start at 4:30 PM and the business meeting to begin at 5:30 PM. Director Loczy seconded. The motion was voted and carried.

2025 Annual Meeting Theme Discussions

Communications Executive Alex Shelley reviewed possible themes for SMPA's 2025 Annual Meeting. After reviewing options, the Board selected 'Our Home; Our Cooperative; Our Future' for the 2025 Annual Meeting theme.

Survey and Ballot Systems Review

Legal Counsel Jim Link reported that counsel and staff are pleased with the services provided by Survey and Ballot for Board elections and plan to engage their services for the 2025 election.

Certify Director Districts

Legal Counsel Jim Link reviewed director district boundaries, noting one district exceeded the 10% variance threshold due to growth. Staff recommended certifying the current districts for the upcoming election while exploring future adjustments to balance representation without affecting current directors' eligibility. Director Rhoades motioned to certify districts as is with no changes. Director Alexander seconded. The motion was voted and carried.

Green Funds Budget Override for Additional Monies for the IQ/CARE Weatherization Program

Wiley Freeman provided an overview of SMPA's Green Fund, established in 2009 and funded through voluntary member contributions via the Totally Green program. The fund supports initiatives in energy efficiency, conservation, renewable energy, and beneficial electrification without affecting SMPA's general fund or rates. Freeman emphasized the success of the income-qualified (IQ) weatherization program, which includes upgrades like heat pumps and water heaters. To address increased demand, he requested a \$20,000 budget override from the Green Fund. Director Cooney motioned to approve the request, seconded by Director Rhoades. The motion was unanimously approved.

Sharing Success Grant Update

Key Accounts Executive Paul Hora provided a brief update on the Sharing Success Grant program, noting that all information has been updated on the website, and applications are now open. The submission deadline is December 13, with three submissions already received and discussions underway with five additional potential applicants. Public outreach has included PSAs, web blasts, and social media updates to promote the program. The Sharing Success Grant offers \$21,000 in funding, which includes an additional \$1,000 from Tri-State, to support economic development within SMPA's service territory. Mr. Hora invited directors to suggest any organizations or individuals who may benefit from applying. The committee, consisting of Directors Alexander, Director Rhodes, and Directors Schwartz, will review applications and present recommendations at the next Board meeting.

**Information Technology**

Manager Tea reviewed his report, highlighting that a third-party cybersecurity audit conducted by Infosight was successfully completed with excellent results. A detailed report will be shared next month.

### **Administration & Human Resources**

Manager Rodriguez reviewed her report and provided updates on labor negotiations and staffing, noting that a tentative agreement with the IBEW union is pending a December vote and that there are currently three open positions.

The Board reviewed Policy 107, Board Committees. Minor grammatical changes proposed. Director Alexander motioned to approve Policy 107, Board Committees, as presented. Director Rhoades seconded. The motion was voted and carried.

The Board reviewed Policy 104, Board of Directors – General Manager Relationship. No changes are proposed. Director Alexander motioned to approve Policy 104, Board of Directors – General Manager Relationship, as presented. Director Rhoades seconded. The motion was voted and carried.

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 updated the Board on the Red Mountain Pass line rebuild project, highlighting progress, budgeting, and challenges. The first phase is complete, with costs exceeding estimates due to environmental compliance, including temporary bridges in wetland areas. Future phases will adjust for permitting and inflation, with the Ruby Wall section expected to be the most costly. Efforts continue to manage costs and ensure timely completion.

### **8. BOARD TOPICS**

DC Fast Chargers in SMPA Service Territory

The Board reviewed state-supported EV charging initiatives, including Level 2 chargers in Telluride, a charging system for the school district's electric buses, and a grant-funded fast charger in Silverton. With Colorado leading in EV registrations, future plans may include integrating chargers into microgrid projects.

Director Expenses

The Board reviewed reimbursement policies, emphasizing that meeting stipends are determined by duration, with specific rates for meetings under three hours and those between three to six hours, including travel time.

### **9. ASSOCIATED MEETING REPORTS**

Eco-Action- Toby Brown

N/A

West End Sustainability Plan- Tom Loczy

N/A

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CREA- Val Szwarc

Director Szwarc reported that he had distributed an email providing updates on CREA activities.

Western United (WU)- Dave Alexander

Director Alexander reported that Western United is performing well. He noted a recent change in delivery operations, with shipments now routed from the Albuquerque office instead of Brighton, reducing travel distance and improving efficiency.

Tri-State- Kevin Cooney

Director Cooney advised that he had no further updates on Tri-State matters, as they had already been addressed earlier in the meeting.

**10. ATTORNEY'S REPORT**

Executive Session

It was determined that an additional Executive Session was not needed.

**11. BOARD CALENDAR/TRAVEL**

The Board reviewed upcoming meetings and training opportunities, including NRECA's Winter School for Directors scheduled for December 13-17, 2024, in Nashville, TN.

**12. MISCELLANEOUS**

General Counsel Contract Renewal

Director Loczy motioned to renew Jim Link's general counsel contract for another year, as discussed in executive session. Director Rhoades seconded. The motion was voted and carried.

**13. NEXT MEETING**

The December 2024 regular Board of Directors meeting will occur on Wednesday, December 18, 2024, in Nucla and via Zoom Virtual Meeting.

The January 2024 regular Board of Directors meeting will occur on Tuesday, January 28, 2025, in Ridgway and via Zoom virtual meeting.

**14. ADJOURN**

At 5:03 PM, Director Rhoades motioned to adjourn the meeting. Director Alexander seconded. The motion was voted and carried.

Signed by:



Toby Brown, Secretary/Treasurer