

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
March 25, 2025 (Ridgway and Zoom Virtual Meeting)

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 at the SMPA's Ridgway Office location and via Zoom Video/Teleconference. Director Felicelli, Director Alexander, Director Loczy, Director Rhoades, Director Brown and Director Cooney attended the meeting in person at SMPA's Ridgway Office. Director Szwarc was absent from the meeting.

3. APPROVAL OF CONSENT AGENDA

Director Loczy motioned to approve the consent agenda (March 25, 2025), including meeting minutes for February 25, 2025, and ratifications to approve verbiage updates to Policy 311 – Scholarships that clarifies and allows for the scholarship to be used at an institution within or outside of the United States.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cooney, serving as the Tri-State Board representative, reported receiving a letter signed by approximately 25 regional and statewide officials supporting the energy resource plan scenario that includes no new natural gas generation. He noted that the letter would be filed with the State of Colorado and highlighted that many signatories represent local governments within SMPA's service territory.
- Director Felicelli shared that, while gathering signatures for his board nomination, he received several comments from members who expressed appreciation for SMPA's overall performance. He specifically noted positive feedback regarding the responsiveness and professionalism of staff when members contact the office.

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 SMPA's strategic objective to strengthen power supply reliability and resiliency while supporting broader community preparedness. Key reliability metrics—SAIDI (System Average Interruption Duration Index), SAIFI (System Average Interruption Frequency Index), CAIDI (Customer Average Interruption Duration Index), and ASAI (Average Service Availability Index)—were noted as tools for tracking performance, with SMPA maintaining strong ratings under RUS thresholds. Upgrades in data tracking, vegetation management, and system infrastructure have significantly reduced outage durations. Additional updates included progress on grid hardening, grid-edge monitoring, and SCADA (Supervisory Control and Data Acquisition) enhancements, along with new relay technology enabling remote substation control and automated fire mitigation settings. Vegetation management continues to exceed targets, supported by drone inspections and a pilot project using AI-based analysis. Strategic partnerships remain key to SMPA's wildfire mitigation efforts, noting staff actively participate in regional wildfire protection planning with local governments and agencies.

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Distributed Energy Resources (DER) and Distribution Energy Workstation (DEW)- Mike Therriault, Engineering Supervisor

Engineering Supervisor Mike Therriault provided a high-level overview of SMPA's efforts to model and manage Distributed Energy Resources (DER) using the Distributed Energy Workstation (DEW). With DER installations growing—especially in the Ridgway area, DEW helps assess hosting capacity and identify potential system impacts such as reverse power flow and voltage issues. By integrating data from Geographic Information Systems (GIS), Meter Data Management (MDM), and Supervisory Control and Data Acquisition (SCADA), SMPA can proactively support growth while maintaining grid reliability and guiding future infrastructure planning.

To determine if our existing power supply contract best achieves SMPA's Mission while providing the financial and contract flexibility necessary to meet our members' needs. – Lance Lehigh and Brad Zaporski
Manager Lehigh and Manager Zaporski provided an update on the power supply, rates, and financial strategic objective, highlighting ongoing FERC Technical Conference discussions, SMPA's legal engagement with Steptoe LLP, and progress with Tri-State's Contract Committee, which includes proposed changes to Tri-State Policy 115 to allow increasing self-generation limits and modifying net metering treatment. The Board will be asked to select one of three contract options at the next meeting, pending approval of the proposed language by the Tri-State Board. Manager Zaporski also reviewed the May 1 implementation of the Time-of-Use (TOU) rate, current financial strategies, including RUS loan drawdowns, and continued evaluation of borrowing alternatives. Manager Freeman provided an update on grant-funded microgrid and solar projects, noting these projects aim to enhance system resilience and explore battery optimization for peak load management.

6. CEO ITEMS

Power Supply/FERC (Federal Energy Regulatory Committee) Update

Manager Zaporski provided brief updates on SMPA's power supply proceedings with the Federal Energy Regulatory Commission (FERC), noting timelines remain uncertain due to the complexity of the process. He also reported that SMPA has joined an appeal in the 10th Circuit related to the contract termination payment case initiated by United Power.

Contract Committee Update

Manager Zaporski noted that the Contract Committee is expected to vote later this week on proposed updates to the Wholesale Electric Service Contract (WESC). If approved, it will go to the Tri-State Board in April, with SMPA planning to take action at its April board meeting.

New ERA Grant Funding Update

Regarding New ERA grant funding, no significant change was reported. The funding remains frozen, and future availability is expected to be determined through the federal budget reconciliation process. SMPA coordinated with other organizations, such as the National Rural Electric Cooperative Association (NRECA), on advocacy letters urging the release of grant funding, with the goal of supporting cooperative projects across the country as well as SMPA's own local initiative.

Introduction of Employee Guests

Manager Zaporski introduced Levi Thaute, SMPA's new Journey Line Technician in Telluride, noting that Levi brings valuable experience in power line installation, maintenance, and troubleshooting from his time at Yampa

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Valley Electric, Holy Cross Energy, and the City of Glenwood Springs. Originally from Nucla, Mr. Thaute has strong ties to the region and the cooperative community.

Manager Zaporski announced the promotion of Eric Pottorff, who will be assuming the Operations Manager role previously held by Duane Oliver. Mr. Pottorff has already begun the transition process, working alongside Mr. Oliver to support a smooth transition and gain deeper insight into active programs and priorities. His promotion reflects over 20 years of service and leadership at SMPA, including completion of the Management Internship Program (MIP), the highest level of cooperative executive certification offered by the National Rural Electric Cooperative Association (NRECA).

Manager Zaporski and the Board expressed sincere gratitude to Duane Oliver for his years of dedicated service to SMPA.

Joshua Hailey, 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

Donation Evaluation Form Updates

The Community Focus Fund application evaluation process will be updated for the April review cycle to include a checkbox for Directors to flag applications for potential Basin Electric Power Cooperative (Basin) matching funds, which are now capped at \$15,000 per member cooperative. The Board also reaffirmed that late applications submitted after an event are discouraged and given lower priority: the updated expectations have been shared with previous applicants via email and posted online.

The next donation review is scheduled for April 2025.

Board Donations

Director Alexander donated \$300 to the Rico Library.

Finance

Financial Review

Manager Lehigh provided the financial report for February, noting that revenues exceeded budget projections and offset January's purchase power timing impacts. Administrative and member services expenses are currently over budget due to legal costs and grant-related consulting fees, both of which are expected to be offset later through rate stabilization funds and reimbursements. Cash reserves remain stable, and SMPA is monitoring interest rates in anticipation of upcoming capital expenditures. The load factor declined slightly in February due to increased demand.

Board Education

Manager Lehigh led a two-part Board education session. First, he provided an overview of SMPA's transition to new cooperative credit cards through the CFC (National Rural Utilities Cooperative Finance Corporation) One Card program, aimed at internal customer service reliability while maintaining cooperative patronage benefits.

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He also shared that staff is evaluating platforms to streamline Director expense reporting, with future demonstrations anticipated.

The second portion focused on SMPA's upcoming redesigned member billing statements. The new two-sided format, scheduled for rollout in June (pending successful testing), will enhance clarity, highlight energy usage trends, and offer targeted messaging. Manager Lehigh demonstrated the layout and features of the updated bills, noting improvements such as clearer rate descriptions, on/off-peak usage graphics, and new tools for member communication.

Marketing & Member Services

Manager Freeman shared that the Board will receive an initial review of proposed revisions to SMPA's Rules & Regulations (Policy 300) and time-based rate tariffs at the April meeting. The schedule provides sufficient time for the Board to review and meet public notice requirements ahead of the proposed implementation. SMPA is also transitioning legacy time-of-use accounts to the new structure.

Information Technology

Manager Tea provided a brief Information Technology update, emphasizing the importance of password security and reminding staff to remain vigilant. He introduced new conference cameras that offer improved video and audio quality, noting positive feedback so far with minor limitations in speaker volume near the screen. A more in-depth IT update will be provided during next month's strategic initiative presentation.

Administration & Human Resources

Manager Rodriguez provided a Human Resources update, noting recent staffing developments including the official start of the new Operations Manager, the start of a new Journey Line Technician in Telluride, and the addition of an Apprentice Line Technician also based in Telluride. Two positions remain open: a Member Services Representative (MSR) position in Ridgway and the Area Service Technician position in Ridgway. Recruitment efforts for both roles are currently underway.

The Board reviewed Policy 201 – Bond & Insurance. No changes proposed. Director Loczy motioned to readopt policy 201 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 204 – Sale of Used Surplus Equipment and Material. No changes proposed. Director Loczy motioned to readopt policy 204 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox reviewed his report, emphasizing that safety remains SMPA's top priority, taking precedence over all other performance metrics. He noted an upcoming inventory cycle count and recognized the team's progress in improving accuracy and process. Project updates included continued coordination with external partners and early-stage discussions related to potential development in the service territory.

Opt-out Letter Approval

Manager Fox provided a recap of the opt-out meter program, noting declining participation and rising costs. Staff had recommended phasing in a rate adjustment over four years beginning in May, alongside the Time-of-

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Use rate, and closing the program to new participants. The Board supported initiating the formal rate change process, including a member hearing. Staff presented a draft notification letter to be sent to opt-out members for Board review. The letter outlines the business rationale, member options, and invites public comments at the April 22, 2025, Board meeting. Board members highlighted the operational and cost challenges of opt-out meters and agreed the letter should be sent via both mail and email. Director Cooney motioned to approve the letter as presented; Director Loczy seconded. The motion was voted on and carried.

Red Mountain Electric Reliability and Broadband Improvement Project (RMERBIP) Bid Review
Manager Fox introduced Aaron Potts of Entrust Solutions Group (ESC), noting he has been assisting/overseeing the REMERBIP since 2018. Mr. Potts presented a bid review for Phase II of the Red Mountain Electric and Reliability and Broadband Improvement Project (REMERBIP). The 2025 phase includes rebuilding 2.4 miles of transmission line from the Red Mountain Substation to Engineer Pass Road, along with a segment through the town of Ouray. Mr. Potts highlighted efforts to minimize impacts to U.S. Highway 550, manage environmental and seasonal constraints, and distribute costs over multiple years. Bids were solicited from seven pre-selected contractors, with four submitting proposals. He also reviewed the challenges posed by elevation and limited access, and ongoing coordination with CDOT and the Forest Service. He outlined the procurement timeline and construction schedule, with project energization targeted for October. At 11:16 AM, Director Brown motioned to enter into an executive session to discuss contractual matters. Director Rhoades seconded. The motion was voted and carried. The Board entered into executive session at 11:16 AM and came out at 11:23 AM. While in executive session, no decisions were made, nor votes taken.

Following the executive session, Director Rhoades motioned to award the 2025 construction contract for the Red Mountain Electric Reliability and Broadband Improvement Project (RMERBIP) to Wasatch Electric as outlined in the bid proposal presented by ESC. Director Loczy seconded. Following discussion, the motion was voted and carried.

7. BOARD TOPICS

Letters of Support for Tri-State's New ERA Grant Funding

The Board reached a consensus to send a letter supporting Tri-State's New ERA grant request, with an added reference to SMPA's own grant-funded project.

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown shared that EcoAction Partners is facing financial uncertainty following the loss of key grant funding and is exploring long-term sustainability strategies, including fundraising and board development. EcoAction Partners expressed appreciation for SMPA's increased support of the CARE program and continues to navigate its role alongside growing municipal climate efforts. EcoAction Partners continues its efforts to expand Electric Vehicle (EV) infrastructure across the region.

West End Vision

Director Loczy reported that West End Vision met twice in the past month and has nearly finalized its mission statement. While an upcoming meeting was postponed, the group anticipates finalizing the statement later in the month and shifting the focus to outreach and awareness.

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CREA- Val Szwarc

Manager Zaporski reported that CREA is considering purchasing new office space in Littleton, which would require a mortgage and increase costs by approximately \$2,500 annually per member co-op. Concerns were raised about long-term financial obligations, especially if SMPA were to exit CREA, as members could remain liable for the debt. Questions were also raised about the value SMPA receives from CREA and whether leasing space might be a better option. Manager Zaporski noted improvements in safety training provided by CREA and reduced costs following SMPA's selection of a scaled-back service package.

Western United (WU)- Dave Alexander

N/A

Tri-State- Kevin Cooney

Director Cooney provided an update on Tri-State activities, noting that a vote will take place next month regarding three proposed contract options. The Tri-State Annual Meeting is scheduled for the following week, with Director Cooney serving as delegate and Manager Zaporski as alternate. Discussions also included proposed Policy 115 changes to increase the self-generation cap from 5% to 20%, though the policy has not yet been filed with FERC, and its approval remains uncertain. Director Cooney also shared that Tri-State recently conducted a fly-in to Washington, D.C., to advocate for New ERA funding and wildfire liability protections. He highlighted increasing insurance challenges related to fire risk and the broader push for state and federal liability reform. Additionally, it was reported that USDA expects to complete its review of paused New ERA funding in the coming weeks, making the timing of support letters especially important.

9. ATTORNEY'S REPORT

Director Brown made a motion at 1:41 PM to enter into an executive session for personnel and contractual issues. Director Loczy seconded. The motion was voted and carried. The Board entered into executive session at 1:41 PM and came out at 2:58 PM. While in executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including the Tri-State Annual Meeting scheduled for April 1-2, 2025, in Broomfield, CO., NRECA's Summer School for Directors scheduled for July 11-15, 2025, in Colorado Springs, CO and CREA Summer School for Directors scheduled for August 1-3, 2025, in Vail, CO.

11. MISCELLANEOUS

N/A

12. NEXT MEETING

The April 2025 regular Board of Directors meeting will occur on Wednesday, April 23, 2025, in Nucla and via Zoom virtual meeting.

The May 2025 regular Board of Directors meeting will occur on Tuesday, May 27, 2025, in Ridgway and via Zoom virtual meeting.

SMPA's 86th Annual Meeting will occur on Thursday, June 5, 2025, in Ridgway and via Zoom virtual meeting.

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14. ADJOURN

At 3:00 PM, Director Rhoades motioned to adjourn the meeting. Director Alexander seconded. The motion was voted and carried.

Signed by:

Toby Brown

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Toby Brown, Secretary/Treasurer