

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
August 26, 2025 (Mountain Village 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 9:13 AM. The meeting was held at the Mountain Village Town Hall location and via Zoom Video/Teleconference. Director Felicelli, Director Alexander, Director Loczy, Director Kurzweil, Director Brown and Director Cooney attended the meeting in person at Mountain Village Town Hall. Director Szwarc attended the meeting virtually via the Zoom meeting platform.

3. APPROVAL OF CONSENT AGENDA

Director Loczy motioned to approve the consent agenda (August 26, 2025), including meeting minutes for July 22, 2025, with corrections. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cooney reported receiving numerous member inquiries regarding the proposed West End Solar Project, noting recent coverage on KOTO Radio and in the San Juan Basin Roundup. It was noted that, at present, the project's future lies with the Montrose County Commissioners.
- Director Felicelli shared a member inquiry about distributed power plants in Colorado and noted the member's concern over increased bills despite having solar panels. It was noted that rising fixed costs contribute to higher access charges.
- Director Cooney relayed an inquiry from the Rico Trails Alliance about the potential to use SMPA rights-of-way near Lizard Head Pass for a future trail connection.
- Director Szwarc relayed questions from local PV installers regarding the 10 kW limit on residential solar under SMPA's Tri-State contract. Staff clarified that the limit is set by state statute, with a process available for members to request approval above 10 kW if substantiated by their load, which SMPA has historically supported.

5. STRATEGIC PLANNING

Member Engagement and Education - To provide education and tools that maximize the benefits of our members' relationship with SMPA. – Wiley Freeman and Alex Shelley.

Communications Executive Alex Shelley provided an update on SMPA's strategic objective for member education and engagement, noting ongoing outreach through the "Timing Matters 3.0" campaign and cooperative education efforts, including fire mitigation messaging and the launch of a heat-cable automation rebate. He also emphasized the redesigned duplex bill and the new Electrify & Save on-bill repayment program. Additional updates included community partnerships engagement, EV promotion and charging initiatives, and continued stakeholder engagement through Red Mountain Electric Reliability and Broadband Improvement Project (RMERBIP) communications and staff attendance at an Energy/Climate Summit.

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

Manager Tea provided an update on SMPA's strategic objective for technology, noting completion of key IT projects including the iVUE software upgrade, TOU MDM billing, and fiber redundancy. He reported deployment

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of next-generation firewalls to enhance security and visibility, as well as Starlink connectivity to support remote operations. The update also covered SMPA's layered cybersecurity approach, new Apple Pencil/Call-to-Order features for Board use, and exploration of emerging technologies such as AI for wildfire detection, vegetation management, and member communication tools.

6. C.E.O. REPORT

Power Supply/FERC (Federal Energy Regulatory Committee) Update

Manager Zaporski provided an update on the ongoing Federal Energy Regulatory Commission (FERC) rate case settlement process with Tri-State. He reported that one final settlement hearing remains and that Tri-State has submitted what is believed to be its best and final offer, with limited flexibility to adjust certain terms. If the settlement is not reached, the matter will proceed to a full FERC hearing. Following lunch, SMPA's FERC attorneys will present remotely in an executive session to review the case status, outline the remaining issues, and provide cost estimates should the case proceed to a hearing. This information will help guide the Board's discussion and budget decisions for the upcoming year.

New ERA Grant Funding Update

Manager Zaporski reported that SMPA has secured a \$10 million allocation through the federal New ERA program, one of the few utilities nationwide to receive a guaranteed award. However, the project remains stalled by Montrose County's moratorium on new power generation facilities. Recent changes in county leadership have extended the moratorium and introduced proposed amendments to draft land use regulations that could effectively prevent the project from moving forward. If adopted, these changes would require SMPA to forgo the federal funding. Additional options are being explored and will be discussed further in executive session.

Introduction of Employee Guests

Manager Zaporski introduced Mr. Byrd Williams, who was recently promoted to Service Planning Supervisor. Mr. Williams shared highlights of his tenure with SMPA, noting that he joined the cooperative in 2007 and moved into the service planner role in 2015 before advancing to his new leadership position. He expressed enthusiasm for guiding the planning department and supporting its continued success. Board members congratulated him on his promotion and commended his reputation for excellent service and collaboration with contractors and community partners.

Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Mike Therriault, Engineering Supervisor; Kelly Truelock, Senior Staff Accountant; Mark Prezbindowski, IT Specialist; Jackie Sinclair, GIS Specialist; Eric Pottorff, Operations Manager; Keli Busch, Plant Accountant; Dustin Smuim, Fleet & Facilities Supervisor; Paul Hora, Key Accounts Executive 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 2025.

Board Donations

Director Szwarc donated \$400 to the Ridgway Independent Film Festival.
Director Felicelli donated \$100 to the Ridgway Independent Film Festival.

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The total director donation to the Ridgway Independent Film Festival is \$500, with a request to submit for a matching \$500 donation from Basin. This qualifies SMPA to be a Roundhouse Level Sponsor.

Finance

Board Education

Manager Lehigh provided Board education on SMPA's debt and future funding options. He reviewed the cooperative's current loan service relationships with the Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC), and CoBank. He noted that while RUS loans have historically offered favorable interest rates, the program has become increasingly burdensome with lengthy approval processes, reimbursement requirements, and administrative costs. By comparison, CFC loans provide greater flexibility, fewer reporting requirements, and faster access to funds, albeit at a slightly higher interest rate. Manager Lehigh explained that SMPA would maintain its existing RUS debt but recommended that the Board consider shifting future borrowing toward CFC to reduce administrative overhead and improve financial flexibility. A preliminary CFC package has been underwritten and may be presented to the Board for consideration at a future meeting.

Financial Review

Manager Lehigh reported that departmental budget inputs are complete, with initial review set for the October 14 work session. July revenues exceeded the budget by approximately \$46,000, moving year-to-date results ahead by around \$32,000. Cash balances were influenced by the timing of Red Mountain invoices, with a smaller financing draw expected. Expenses remain favorable overall, with corrections underway on misclassified accounts. Key ratios, including the Times Interest Earned Ratio (TIER) and Debt Service Coverage (DSC), remain strong.

Directors discussed purchase power variances from early-year peaks and forecast implications for 2026. Equity-to-capitalization is currently around 45%, but it is expected to dip below 35% with Red Mountain financing, consistent with long-term planning. Staff noted that the Ruby Walls segment may require a two-year build to balance financial and permitting constraints.

Marketing & Member Services

Manager Freeman reported on growth in behind-the-meter Distributed Energy Resources (DER), noting peer co-op comparisons and that such systems do not count toward the 5% wholesale cap. He reviewed member education on the new Time-of-Use (TOU) rate, highlighting the greater bill impacts for net-metered accounts due to separate on- and off-peak banking. Staff conducted outreach and continues to assist members with questions. Directors discussed increased interest in battery storage and the potential effects of reduced federal solar tax credits.

Sharing Success Grant Overview and Committee

Key Accounts Executive Paul Hora reported that SMPA received an additional \$5,000 in matching funds from CoBank, bringing the total to \$15,000, therefore making \$30,000 available for the 2025 Sharing Success Grant program. The program supports nonprofit projects within the service territory, often smaller-scale initiatives that are not eligible for larger grants. Applications are open, with three received to date; last year, more than 20 requests totaling over \$200,000 were submitted. The Board confirmed the committee of Directors Felicelli, Director Alexander, and Director Kurzweil, who will review applications and present recommendations for approval later this year.

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Programs, Projects & Initiatives Review Presentation

Key Accounts Executive Paul Hora provided an update on SMPA programs, projects, and initiatives. Highlights included operational updates with new leadership, partners, and reliability projects; local renewable and microgrid development under Tri-State Policy 115; community climate action planning; increasing EV adoption and vehicle-to-grid technologies; and the launch of the Electrify & Save on-bill repayment program. Additional initiatives in Telluride and Mountain Village featured geothermal research, thermal energy network planning, an EV school bus project, and an upcoming Energy Summit.

Member Comments/Participation RE: Programs, Projects & Initiatives

Member comments, participation, and questions focused on three key areas: renewables & electrification, programs & member services, and policy & funding.

- **Renewables & Electrification:** Members asked about geothermal and thermal networks, Tri-State's renewable and storage plans, EV adoption, and vehicle-to-grid readiness. Staff noted active feasibility studies, summarized Tri-State's targets and Policy 115 (pending FERC approval), and described SMPA's preparation through TOU rates, interconnection planning, and DER/DERMS readiness.
- **Programs & Member Services:** Members raised questions about contractor availability for heat pumps and home upgrades. Staff acknowledged the challenge and noted that screened contractors are being onboarded through Electrify & Save, supported by remote energy audits. Other comments included inquiries about geothermal and thermal energy networks, as well as the practicality of large electric retrofits (e.g., boilers and heat pumps). Staff highlighted ongoing feasibility studies, confirmed the technology is viable, and explained that economics and timing determine feasibility on a case-by-case basis. Clarification was also sought on utility locates, with staff outlining the Novo Services partnership and its benefits in terms of safety and reliability.
- **Policy & Funding:** Members raised concerns about Montrose County's solar moratorium and its impact on SMPA's grant-funded project. Staff encouraged continued community engagement and clarified that the \$10 million New ERA grant is site- and project-specific and cannot be redirected to other technologies such as geothermal.

Information Technology

Manager Tea reported that SMPA's monthly phishing test emails resulted in zero user clicks for the first time, reflecting increased employee awareness of cybersecurity risks. He noted that users who click on simulated phishing links are notified immediately and assigned follow-up training.

Administration & Human Resources

Manager Rodriguez reported a strong interest in the recently posted Apprentice Line Technician position. The posting was open for two weeks and drew 122 applications. Staff narrowed the pool to 15 candidates through pre-interview questions, with 9 selected for interviews. She noted the high response reflects both regional interest and SMPA's reputation as a desirable employer.

The Board reviewed Policy 203 – Equity Management. Minor grammatical updates and minor clarification of definitions proposed. Director Brown motioned to readopt policy 203 as presented. Director Kurzweil seconded. Following discussion, the motion was voted on and carried.

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The Board reviewed Policy 309 – Renewable Energy Rebates. No changes proposed. Director Brown motioned to readopt policy 309 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox reported that the Ridgway office safety remodel, a recurring priority identified in Rural Electric Safety Achievement Program (RESAP) evaluations, is underway. Operations remain under Stage 2 fire restriction settings. Red Mountain project challenges include a delayed switch delivery and Highway 550 closures requiring helicopter support, with contingency plans in place. Additional updates included scheduled substation maintenance, removal of a long-standing tent in Silverton per town order, and coordination with Telluride on franchise fee reimbursement for a Pacific Avenue project.

7. BOARD TOPICS

Montrose County Commissioners' Solar Moratorium

As noted during the New ERA Grant Funding update, the project remains stalled by Montrose County's moratorium on new power generation facilities. Recent changes in county leadership have extended the moratorium through December 2025 and introduced proposed amendments to draft land use regulations that could effectively block SMPA's project. If adopted, these actions would require SMPA to forgo federal grant funding and could significantly impact future development.

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

N/A

West End Vision – Tom Loczy

Director Loczy reported that West End Vision has made little progress and recommended removing the item from future agendas. He noted that he will report back if any developments arise that are relevant to SMPA.

CREA- Val Szwarc

Director Szwarc reported there was no meeting in August. The CREA Board will meet September 4–5 at CREA's new headquarters in Lakewood to interview two final candidates for the executive director position. He also noted that there were no updates on the sale of the former headquarters, with additional information expected following the September meetings.

Western United (WU)- Dave Alexander

N/A

Tri-State- Kevin Cooney

Director Cooney reported that Tri-State is anticipating a 6–8% wholesale rate increase for 2026, with SMPA's allocation estimated at 8.3–8.5%, driven by Basin Electric's proposed increase, environmental remediation costs from mine closures, and other budget pressures. He noted that prior use of contract termination payments has tempered increases in recent years. Updates included potential revisions to the Bring Your Own Resource (BYOR) tariff that could expand SMPA's project allocation from 11 MW to 18 MW, ongoing consideration of relocating Tri-State's headquarters to a less costly building in Broomfield, and a new filing with the Federal Energy Regulatory Commission (FERC) for a high-impact load tariff to ensure new large loads bear associated

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infrastructure costs. He also noted Tri-State is interviewing candidates for the Chief Financial Officer (CFO) position.

9. ATTORNEY'S REPORT

Director Brown made a motion at 1:40 PM to enter into an executive session for personnel and contractual issues, including an attorney presentation regarding FERC Settlement Case #ER24-2171-000. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 1:40 PM and came out at 3:39 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 a discussion about the CREA Energy Innovations Summit, scheduled for November 2025, in Denver.

11. MISCELLANEOUS

N/A

12. NEXT MEETING

The September 2025 regular Board of Directors meeting will take place on Tuesday, September 23, 2025, at Silverton's Grand Imperial Hotel and via a Zoom virtual meeting.

On October 14, 2025, a Budget Work Session will be held in Ridgway and via Zoom virtual meeting.

The October 2025 regular Board of Directors meeting will occur on Tuesday, October 28, 2025, in Nucla and via Zoom virtual meeting.

13. ADJOURN

At 3:57 PM, Director Loczy motioned to adjourn the meeting. Director Alexander seconded. The motion was voted on and carried.

Signed by:



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Toby Brown, Secretary/Treasurer