

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
October 28, 2025 (Nucla 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 9:06 AM. The meeting was held at SMPA's Nucla Office and via Zoom Video/Teleconference. Director Felicelli, Director Cooney, Director Brown, Director Szwarc, and Director Loczy attended the meeting in person at SMPA's Nucla Office; Director Kurzweil attended virtually via Zoom. Director Alexander was absent from the meeting.

3. APPROVAL OF CONSENT AGENDA

Director Loczy motioned to approve the consent agenda (September 23, 2025), including meeting minutes for August 26, 2025, and the ratification to amend the 2024 Capital Credit Allocation to reflect the coop allocation of \$1,021,459, G&T allocation of \$332,933, and addition of \$704,900 to permanent equity as well as to authorize staff to proceed with construction contracts for the Microgrids for Community Resilience Grant/Ridgway Solar Carport and the Nucla Office Microgrid. Director Brown seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Szwarc advised that he assisted a member with questions regarding heat pump rebate requirements and navigating SMPA's rebate form on the website.
- Director Szwarc shared that the Ouray County Commissioners recently discussed potential grant opportunities for installing high-speed electric vehicle chargers, possibly at the county fairgrounds or nearby locations.
- Director Felicelli reported that the Director of Transportation and Recreation for the Town of Mountain Village shared that the town plans to purchase two electric buses for its transportation fleet.
- Director Felicelli referenced a member inquiry regarding the opt-out metering program and related fees, noting that the charges reflect additional staff time required for manual meter reads and account management. Only a small number of members within the service territory have opted out of advanced metering.
- Director Cooney shared that the EV Readiness Group recently hosted a demonstration event at Telluride Town Park. Despite poor weather, several attendees, including Mountain Village representatives and a local GM dealership, engaged in discussions about electric vehicle technology and charging options. He noted that the Galloping Goose transit service now operates one fully electric bus and has another on order.

5. STRATEGIC PLANNING

Manager Zaporski noted that the October meeting marked the final in-cycle presentations for SMPA's six strategic objectives. Beginning in December, each monthly meeting will feature a concluding presentation focused on one of SMPA's six strategic objectives, leading to a comprehensive review of all objectives in spring 2026. These presentations will serve as the foundation for the next three-year strategic planning cycle, which will begin with the 2026–2029 Strategic Planning Session in July.

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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 and Engineering Supervisor Therriault presented an update on SMPA’s Reliability & Resiliency objective, highlighting continued progress on the Red Mountain Reliability & Broadband Improvement Project (RMRBIP) and the completion of the long-planned Norwood–Nucla tie, a multi-decade effort that now provides full system redundancy and improved back feed capability. Additional updates included safety and technology upgrades at the Cement Creek substation, enhanced SCADA controls, Starlink integration for remote monitoring, and expanded grid-edge data analysis and drone inspections to strengthen reliability. Vegetation management and wildfire mitigation efforts continue to advance through Pano AI camera deployment and regional partnerships.

Power Supply | Rates | Financial - To determine if SMPA’s existing power supply contract best achieves its mission while providing the flexibility needed to meet members’ needs. – Brad Zaporski, Lance Lehigh and Wiley Freeman

Managers Lehigh, Zaporski, and Freeman delivered a brief update: progress continues on Tri-State settlement work before FERC, with the WESC confirmed through 2050 and BYOR accepted in principle. Staff outlined a retail strategy aligned to wholesale signals and plans to add a \$0 Power Cost Adjustment (PCA) line item to build transparency and flexibility for future adjustments, paired with ongoing member education. Finance reported the transition from RUS to CFC for improved lending flexibility and favorable rates. Grant-supported resiliency projects are advancing, Ridgway solar carports are underway, the Nucla office microgrid is next, and bids for Rico and Ridgway battery systems are expected in November.

6. C.E.O. REPORT

2026 Budget Presentation & Approval

Manager Lehigh presented the proposed 2026 Budget, highlighting key financial assumptions and strategic focus areas. The budget emphasizes cost containment amid rising material, insurance, property valuation, and wholesale power costs, while maintaining SMPA’s commitment to safety, reliability, and service quality. Major capital projects for 2026 include system reliability and resiliency improvements, fire mitigation, grid hardening, and continued investment in the Red Mountain Reliability & Broadband Improvement Project (RMRBIP).

Manager Zaporski noted that while the budget was presented for approval, final figures remain contingent upon the rate proposal to be considered at the November meeting, which allows members additional time for review and comment. Should rate adjustments occur, the budget will be revisited accordingly.

Director Brown motioned to approve the 2026 Budget as presented, with Director Szwarc seconding. Following discussion, the motion was voted and carried.

Rate Proposal & Recommendation Presentation

Manager Freeman presented the 2026 Rate Recommendation, noting that it addresses rising costs, funds projects that enhance system reliability, fire mitigation, and grid-hardening efforts, and supports SMPA’s mission to provide safe, reliable, and cost-effective electric service. The proposal includes a \$5 increase to the monthly access fee and a \$0.03 per kWh increase during on-peak hours (4:00–9:00 p.m.) under SMPA’s Time-of-Use rate structure, with no change to the off-peak rate. Noting that time-based rates, paired with tools such as smart thermostats and EV chargers, will help balance peak demand and encourage efficient energy use. Manager Freeman also outlined SMPA’s gradual cost-recovery approach, success in keeping rate increases below

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inflation, and member program, including rebates and storage incentives, to help manage energy use and support grid stability. If approved, the proposed changes will take effect for the billing period beginning December 15, 2025.

Power Supply/FERC (Federal Energy Regulatory Committee) Update

Manager Zaporski provided an update on Tri-State matters before the Federal Energy Regulatory Commission (FERC). He reported that FERC rejected Tri-State's proposed High-Impact Load Tariff (HILT), which was designed to address service requests from large, data-center-type loads. FERC provided feedback for revision, and Tri-State plans to submit a modified filing. While SMPA has not yet received similar load requests, the outcome remains important as it affects how member co-ops manage risk associated with short-term or indeterminate loads.

New ERA Grant Funding Update

Manager Zaporski reported that updates on SMPA's New ERA Grant application and the Naturita Solar Project would be discussed in Executive Session.

Tri-State Formulary Rate True-Up

Manager Zaporski reviewed Tri-State's first formulary-rate true-up (for 2024, calculated in 2025, ordinarily billed in 2026). Tri-State increased its use of deferred revenue from \$120 million to \$180 million, avoiding a 2026 true-up charge to SMPA of approximately \$1.2 million- explaining that annual true-ups are now an ongoing reality, and future variances such as Asset Retirement Obligations (AROs) or Environmental Retirement Obligations (EROs) could result in additional charges in later years. To prepare for this, staff will introduce a Power Cost Adjustment (PCA) line item on member bills beginning in early 2026, initially set at \$0. This will allow SMPA to implement the PCA framework in advance and provide a transparent method for managing future wholesale cost fluctuations, true-ups, or extraordinary expenses if needed. Manager Zaporski noted that Tri-State's Long-Term Financial Forecast projects notable wholesale cost increases in 2027, which Tri-State's new Chief Financial Officer (CFO) is working to moderate and distribute more evenly across multiple years.

Introduction of Employee Guests

Employee Recognition Award

Manager Tea presented the Employee Recognition Award to Fleet Technician Mark Bosse for his outstanding community involvement. Mr. Bosse volunteered his time and mechanical skills to repair the Nucla Cemetery's lawn mower and rebuild its water pump, restoring critical equipment that the cemetery relies on to maintain its large grounds. His generosity and initiative exemplify the Cooperative Principle of Concern for Community and his continued commitment to service both at work and beyond.

Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Mike Therriault, Engineering Supervisor; Kelly Truelock, Senior Staff Accountant; Jackie Sinclair, GIS Specialist; Eric Pottorff, Operations Manager; Keli Busch, Plant Accountant; Dustin Smuim, Fleet & Facilities Supervisor; and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Community Focus Donations

The Board reviewed the application scorecard results. Following review, Director Felicelli motioned to award Community Focus donations as follows. Director Brown seconded:

- MountainFilm – \$700 SMPA Donation.

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- Minerva West - \$700 SMPA Donation.
- EcoAction Partners - \$1,000 SMPA Donation.
- UpstART Theater - \$700 SMPA Donation.
- Valley Food Partnership - \$1,000 SMPA Donation.

The next donation review is scheduled for January 2026.

Board Donations

Director Loczy donated \$250 to the VFW (Veterans of Foreign Wars)

Director Cooney donated \$200 to Hoof and Paw Animal Rescue Organization.

Director Cooney donated \$200 to the Second Chance Humane Society.

Finance

Financial Review

Manager Lehigh reviewed SMPA's September financials. SMPA maintained 61 days of cash on hand with no CFC loan draws. A data entry error temporarily overstated September revenue and will be corrected in October. Power costs were within \$2,100 of budget, and Customer Service expenses were over budget due to labor allocations that have since been corrected. Manager Lehigh noted that 2026 purchase power and demand projections have been updated to reflect higher peak trends.

Marketing & Member Services

Manager Freeman reviewed the Member Services report, noting that the department remains active across multiple initiatives. The idle service project continues to progress, with approximately 150–200 former seasonal accounts now remaining connected year-round, generating about \$60,000 annually in access-charge revenue through seasonal and line-retention services. This is a positive development, as these accounts now help support SMPA's fixed grid costs, expenses that remain constant regardless of energy use, promoting a fairer distribution of infrastructure and maintenance costs among all members. Additionally, staff have enhanced past-due account outreach using multichannel notifications, resulting in fewer service disconnections. The team is also auditing landlord agreements to expand eligibility for prepaid service and continues to see strong participation in the Electrify & Save on-bill financing program.

Information Technology

Manager Tea reported improved communication reliability at remote substations following the implementation of Starlink technology, which now provides consistent connectivity for data reads and SCADA functions while enhancing system monitoring in remote areas. Additional installations are planned to continue strengthening SMPA's communication and monitoring capabilities.

Administration & Human Resources

Manager Rodriguez provided staffing updates, noting that SMPA currently has one open position for a Service Planner. The role is being backfilled primarily in the Telluride area, but has been posted with flexibility to be based out of any district office and to allow for a trainee placement. Noting this approach is intended to expand the applicant pool for what is traditionally a hard-to-fill position and to provide greater flexibility for future departmental needs.

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The Board reviewed Policy 301, Line Extension & Alteration, noting that revisions were primarily administrative, including minor wording and formatting updates. Manager Zaporski advised that this policy is one of SMPA's most important, as it ensures that new system growth continues to "pay its own way," helping the cooperative manage costs and mitigate inflationary pressures. Director Loczy motioned to approve Policy 301 as presented. Director Szwarc seconded. Following discussion, the motion was voted and carried.

The Board reviewed Policy 306 – Member Access to Information. Minor grammatical updates were proposed. Director Brown motioned to approve Policy 306 as presented. Director Loczy seconded. Following discussion, the motion was voted and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox reviewed his report, noting that current projects are progressing as planned. He discussed coordination efforts with a local municipality on underground line work and system improvements, explaining that staff are working closely with Public Works to ensure reliability, accessibility, and appropriate equipment placement. Some costs associated with the project may later be reviewed for potential recovery, depending on the final scope and responsibilities. Manager Fox also reported that the final cycle inventory count for the year has been completed, with results indicating strong accuracy and effective materials management.

7. BOARD TOPICS

Strategic Planning Facilitator Selection

Every three years, SMPA conducts a strategic planning session to ensure the cooperative remains forward-looking and aligned with its mission, vision, and core values. These sessions allow the Board and management to evaluate progress, address emerging issues, and set priorities for the years ahead.

After reviewing proposals from multiple organizations, Director Brown motioned to approve Peak Solutions as the facilitator for SMPA's 2026–2029 Strategic Planning Session. Director Szwarc seconded. Following discussion, the motion was voted and carried.

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown provided an update on EcoAction Partners, noting that the organization continues to deliver impactful sustainability and energy-efficiency programs across the region despite ongoing financial challenges. EcoAction's funding model is shifting as some local governments move toward fee-for-service arrangements or develop internal sustainability staff, reducing regional coordination capacity. Board discussion emphasized the importance of EcoAction's cross-county collaboration and the value their work provides to SMPA's broad service area. The Board expressed continued appreciation for the organization's partnership and regional leadership in advancing energy efficiency and climate initiatives.

CREA- Val Szwarc

Director Szwarc reported that the Colorado Rural Electric Association (CREA) is anticipating the sale of its Denver headquarters to close by year-end. CREA recently announced the appointment of a new Executive Director, who will begin in early January 2026. Director Szwarc also highlighted the upcoming Innovation Summit and related CREA meetings scheduled for early November. The association's proposed 2026 budget includes a modest dues increase for SMPA.

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Western United (WU)- Dave Alexander
N/A

Tri-State- Kevin Cooney

Director Cooney provided an update on recent Tri-State Generation and Transmission developments. He noted that the Federal Energy Regulatory Commission (FERC) rejected Tri-State's proposed High-Impact Load Tariff (HITT), identifying certain components as retail, outside FERC's jurisdiction, while offering guidance for revisions. He also reported progress on new large-scale renewable projects and battery storage initiatives expected to come online in the near term. Tri-State continues to refine its resource plan with the Colorado Public Utilities Commission (CoPUC), including the potential addition of significant battery storage capacity to strengthen system reliability and flexibility. Some projects have been affected by recent changes in federal funding programs, though Tri-State's broader Energy Resilience Accelerator low-interest loan program remains active. Director Cooney also noted organizational changes at Tri-State, including the departure of a key program lead overseeing demand response efforts, and confirmed that Tri-State remains on track to join the Southwest Power Pool (SPP) in April 2026.

9. ATTORNEY'S REPORT

Director Loczy made a motion at 2:18 PM to enter into an executive session for personnel and contractual issues. Director Szwarc seconded. The motion was voted and carried. The Board entered into executive session at 2:18 PM and came out at 3:20 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 CREA's Energy Innovations Conference scheduled for November 1-4, 2025, in Westminster, CO.

11. MISCELLANEOUS

N/A

12. NEXT MEETING

The November 2025 regular Board of Directors meeting will occur on Tuesday, November 18, 2025, as a virtual-only meeting via the Zoom platform.

The December 2025 regular Board of Directors meeting will occur on Tuesday, December 16, 2025, in Nucla and via Zoom virtual meeting.

13. ADJOURN

At 3:23 PM, Director Loczy motioned to adjourn the meeting. Director Cooney seconded. The motion was voted on and carried.

Signed by:

Toby Brown

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Toby Brown, Secretary/Treasurer