

## **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 SMPA's Ridgway Office and via Zoom Video/Teleconference. Director Loczy, Director Brown, Director Cooney, Director Kurzweil, Director Szwarc, and President Felicelli were present in person at the Ridgway Office. Director Alexander was not present at the time the meeting was called to order. Director Alexander joined the meeting via Zoom at 1 PM.

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

Director Brown motioned to approve the consent agenda (January 20, 2026), including meeting minutes for December 16, 2025 with corrections. Director Kurzweil seconded. The motion was voted and carried.

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

General Member/Consumer Comments

- A member and owner of Coal Creek Hydro introduced himself to the Board and shared background on his experience in hydropower operations, noting that he is a local resident and longtime SMPA member. He stated that he is seeking to enter into a new contract within SMPA's service territory to continue producing hydropower-generated renewable energy. He further noted that sufficient revenue under a future agreement would be necessary to cover operational costs and sustain the project and thanked the Board for its time and consideration.
- A member and owner of Ouray Hydro spoke to the Board regarding the role of small, local hydropower generation in SMPA's renewable supply mix. He provided historical context on regional hydro assets and described recent and ongoing operational and maintenance challenges, noting that continued operation requires sufficient margins to fund repairs and reinvestment. The member emphasized that hydropower could provide peak-aligned generation and ancillary grid benefits and described broader community and local economic impacts tied to keeping the facilities operational, including local spending and recreation-related benefits. He also referenced interest in rehabilitating additional hydropower resources, including a facility under consideration, and thanked the Board for allowing brief questions and for its consideration.
- Director Cooney informed the Board that he has received comments from members regarding the recent federal directive requiring the Craig power plant to remain "ready to run." He stated that members have expressed concern about potential financial impacts and have asked whether SMPA may bear associated costs. It was noted that, based on current understanding, such costs could impact member cooperatives.
- Director Szwarc informed the Board that he spoke with a member who questioned SMPA's rates in comparison to other utilities. He noted that differences in utility structure and resource portfolios can impact such comparisons. Director Szwarc shared that the member suggested holding community meetings to further explain rate design, including access charges and Time-of-Use structures, to help members better understand and plan for future changes.
- Director Felicelli shared that he recently spoke with the general contractor for a large project in Mountain Village, who expressed appreciation for SMPA's crews. The contractor described SMPA staff as exemplary to work with.

## **5. STRATEGIC PLANNING**

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

Manager Tea and IT Specialist Mark Prezbindowski presented a three-year summary of SMPA's Technology Strategic Objective, highlighting significant progress in system upgrades, cybersecurity enhancements, communication tools, billing integrations, data analytics, and staff training designed to improve internal efficiencies and enhance the member experience while protecting electronic assets. Major accomplishments included infrastructure modernization, TOU/MDM implementation across approximately 15,200 meters, expanded resiliency through redundancy and backup systems, and evaluation of emerging technologies such as AI and battery storage.

## **6. C.E.O. REPORT**

Power Supply/FERC (Federal Energy Regulatory Committee) Update

Manager Zaporski reported that FERC has formally accepted the rate settlement. He clarified that the settlement term extends through 2030, with the Tri-State Rate Design Committee expected to reconvene in 2029 and the next rate filing anticipated in 2030. He noted that a key benefit of the settlement is that SMPA's radial transmission costs will continue to receive socialized treatment through at least 2030. As part of the settlement, Tri-State will conduct a system-wide transmission study to categorize assets, which is expected to inform future transmission cost allocation in the next rate case. Manager Zaporski also stated that the contract settlement related to proposed Policy 115 changes, including increasing the self-generation cap from 5% to 20%, remains pending before FERC. He noted that the 20% cap is not yet in effect, though SMPA continues preparations in anticipation of approval.

New ERA Grant Funding Update

Manager Zaporski reported that SMPA has established communication with USDA and submitted required grant deliverables, including the Community Benefit Plan, noting that staff are responding to follow-up questions as part of the ongoing review process. Manager Zaporski advised that uncertainty remains regarding the ultimate availability of federal funds, referencing recent examples of rescinded federal payments. Under the current structure, funds would be placed in an escrow account and drawn down over time, though final certainty will depend on federal action.

Telski Closure

Manager Zaporski spoke to the recent 14-day closure of the Telluride Ski Area and the resulting economic impacts to the region, including canceled reservations, reduced tourism activity, and employment disruptions. Winter occupancy rates have declined significantly compared to the prior year, and SMPA anticipates decreased revenues due to lower energy sales during the peak winter months. Manager Zaporski noted that staff are implementing cost-containment strategies and may utilize the deferred revenue account to help offset anticipated revenue shortfalls. Manager Zaporski expressed confidence that SMPA is positioned to manage the financial impact for the current year due to long-term financial planning and prior rate design strategies that emphasize recovery of fixed costs through access charges rather than volumetric sales. Board discussion

included comments regarding reduced winter demand, weather-related impacts, and the importance of continued member education on rate structure and cost drivers.

#### Bring Your Own Resources (BYOR) Contract

This item was contractual in nature, and details were discussed in executive session. Following the executive session, Director Cooney motioned to withdraw SMPA's existing BYOR application and associated Financial Services Agreement (FSA) from the current round and to reapply in the 2026 round. Director Loczy seconded. Following the discussion, the motion was voted on and carried. The motion carried on a vote of six in favor and one opposed, with Director Szwarc voting in opposition.

#### BP 115 Contracts

This item was contractual in nature, and details were discussed in executive session. Following the executive session, Director Kurzweil Motioned to authorize the CEO to execute separate Power Purchase Agreements (PPAs) for Coal Creek Hydro and Ouray Hydro that align energy and capacity payments with the avoided costs SMPA will realize under Policy 115. Further, the Board of Directors authorized a REC purchase, as outlined in the PPAs, at \$0.03 per kWh for years one through five and \$0.005 per kWh for years six through ten, with an option for REC price negotiation in year five. Director Cooney seconded. Following discussion, the motion was voted on and carried.

#### Introduction of Employee Guests

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:

- Nucla-Naturita Area Chamber of Commerce – \$1,000 SMPA Donation.
- Norwood Park & Recreation District - \$1,000 SMPA Donation.
- Ridgway Farmers Market - \$1,000 SMPA Donation.
- Nucla-Naturita Senior Citizens - \$1,000 SMPA Donation.

The next donation review is scheduled for January 2026.

#### Board Donations

Director Felicelli donated \$100 to the Telluride Nordic Association

Director Felicelli donated \$200 to the Go Hawkeye Foundation.

#### Finance

##### Financial Review

Manager Lehigh reviewed the November 2025 financial report and provided preliminary December updates as year-end close remains in process. He reported stable cash and liquidity, with Days Cash on Hand at 63 days, and noted meter growth to 15,177 in November and 15,188 in preliminary December. He also highlighted lower year-over-year kWh billed (down 15.4% in November and down 5.83% in preliminary December), which

contributed to revenue coming in below budget, particularly in November. Manager Lehigh noted that deferred revenue (rate stabilization funds) will be utilized at year-end and advised that a full annual review and final recommendation will be presented once year-end close and audit work are complete.

### **Marketing & Member Services**

Manager Freeman reviewed the Member Services report, highlighting recent media coverage in local newspapers regarding SMPA's Temporary Hardship Program. The outreach reminds members that payment arrangements are available if they are experiencing financial difficulty. Manager Freeman also noted increased interest in battery storage through the Beneficial Electrification program. The Board discussed potential strategies to encourage adoption, including enhanced education, adjusted incentives, and alternative rate design options to better support peak management and improve load factor. Staff will continue evaluating peer utility programs and incentive approaches.

### **2026 Annual Meeting Theme Discussion**

Communications Executive Alex Shelley reviewed possible themes for SMPA's 2026 Annual Meeting. After reviewing options, the Board selected 'Landscape of Opportunity' for the 2026 Annual Meeting theme.

### **Microgrids for Community Resilience Grant / Ridgway & Rico Microgrids**

This item was contractual in nature, and details were discussed in executive session. Following executive session, Director Brown motioned to authorize staff to execute a Master Service Agreement with City Light and Power Engineering (CLPE) for professional engineering services related to the Ridgway and Rico microgrid projects, in the amount and scope discussed in executive session. Director Szwarc seconded. The motion was voted and carried.

### **Information Technology**

Manager Tea reviewed a draft Generative AI Use Policy developed to guide responsible use of artificial intelligence tools at SMPA. The policy is intended to balance innovation with appropriate safeguards, addressing confidentiality, data protection, potential inaccuracies, approved tools, and distinctions between standard and enhanced security versions. Staff plans to review the guidelines with employees during March safety meetings and provide practical instruction on appropriate use. The rapidly evolving nature of AI was discussed, including the importance of periodic review. The policy remains in draft form pending additional feedback, with the understanding that AI governance will require ongoing refinement as tools and risks evolve.

### **Administration & Human Resources**

Manager Rodriguez reported three open positions, including the Working Foreman position in Silverton and two Fleet Technician roles. The positions have been posted, interviews are underway, and hiring decisions are forthcoming.

### **Succession Plan Draft Review**

Manager Rodriguez reviewed a draft Succession Planning framework developed under the People & Culture strategic objective. The document formalizes a structured approach to identifying critical roles and preparing for future transitions by leveraging SMPA's existing annual goal setting and career development programs. Next steps include evaluating roles based on operational impact, knowledge risk, leadership value, recruitment difficulty, and anticipated retirements, followed by the development of competency profiles and training

pathways. The framework is intended to support long-term organizational continuity and internal growth opportunities.

The Board reviewed Policy 103, Board Policy Availability. No changes were proposed. Director Brown motioned to approve Policy 103 as presented. Director Loczy seconded. Following discussion, the motion was voted and carried.

The Board reviewed Policy 104 – Board of Directors – General Manager Relationship. No changes were proposed. Director Loczy motioned to approve Policy 104 as presented. Director Brown seconded. Following discussion, the motion was voted and carried.

### **Engineering | Operations | Safety & Regulatory Compliance**

Manager Fox reported that the U.S. Forest Service permit for the Red Mountain Reliability and Broadband Improvement Project has been extended to align with updated timelines. Key equipment deliveries are pending, with installation planned for the upcoming construction season. No lost-time safety incidents were reported. Reliability remains strong, and staff continues to monitor wildfire mitigation efforts and potential transmission-level Public Safety Power Shutoff considerations.

## **7. BOARD TOPICS**

N/A

## **8. ASSOCIATED MEETING REPORTS**

Eco-Action- Toby Brown

Director Brown provided a year-end update on EcoAction Partners, noting improved funding outlooks from local governments following earlier challenges. Additionally, the organization is adjusting its structure and exploring more sustainable funding strategies heading into 2026.

CREA- Val Szwarc

Director Szwarc reported on upcoming Colorado Rural Electric Association board and annual meetings, including legislative updates affecting electric cooperatives. Topics discussed included potential changes to clean energy planning, proposed legislation that could delay Xcel Energy’s entry into a Regional Transmission Organization (RTO), wildfire liability initiatives, and emerging data center policy proposals.

Western United (WU)- Dave Alexander

N/A

Tri-State- Kevin Cooney

Director Cooney provided an update on Tri-State, noting ongoing cost impacts related to the Craig plant and updates to the draft long-term financial forecast. He reported that previously anticipated large rate increases have been moderated through the strategic use of deferred revenues. Director Cooney also discussed Tri-State’s upcoming April entry into the Southwest Power Pool (SPP), expected to expand access to organized wholesale markets, and ongoing work related to high-impact load policy, particularly in response to data center inquiries in other parts of the service territory.

## **9. ATTORNEY'S REPORT**

Record of Proceedings  
San Miguel Power Association  
Board of Director Meeting Minutes of  
January 20, 2026 (Ridgway and Zoom Virtual Meeting)

**Board Districts**

Legal Counsel reviewed a proposed adjustment to SMPA's Board districts to maintain member representation within the Board's internal 10% variance guideline, noting that this threshold is an internal practice and not a requirement of the bylaws or policy. The proposed changes included shifting District 1's boundary east to include the Log Hill area and moving portions of rural Ouray County to rebalance Districts 6 and 4. The Board discussed the challenges of aligning districts by both geography and proportional representation.

Director Felicelli motioned to approve applying the adjustments to the upcoming June election. Director Brown seconded. Following discussion, the motion carried 4-3, with Director Felicelli, Director Brown, Director Cooney, and Director Alexander voting in favor, and Director Kurzweil, Director Szwarc, and Director Loczy voting against. Director Cooney noted his support, emphasizing the importance of reviewing the district structure earlier and more comprehensively in advance of the 2027 election.

**Executive Session**

Director Brown made a motion at 1:27 PM to enter into an executive session for personnel and contractual issues. Director Kurzweil seconded. The motion was voted and carried. The Board entered into executive session at 1:27 PM and came out at 3:14 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 Annual Meeting scheduled for February 7-10, 2026, in Westminster, Colorado; the NRECA Director Course 909.1, "Effective Governance in the Face of Crisis," being offered April 2, 2026, in Montrose; and the NRECA Legislative Conference in Washington, D.C. Director Cooney noted he will be unable to attend SMPA's February Board meeting as he will be traveling to Washington, D.C., with Tri-State representatives.

**11. MISCELLANEOUS**

**Appoint Election Monitor**

Director Loczy motioned to appoint Jim Link as the 2026 Election Monitor, with Director Alexander seconding. The motion was voted and carried. Legal Counsel Jim Link accepted the role, noting that his responsibilities include assisting and overseeing staff and Survey & Ballot Systems by providing an impartial review throughout the election process and ensuring bylaw and policy compliance.

**Survey & Ballot Systems**

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, including electronic and paper ballots, for the 2026 election. It was noted that Survey and Ballot administers elections for the majority of Colorado electric cooperatives and has extensive experience managing hybrid election formats.

**Set Date of Record (45 Days Prior to Election Date: April 20, 2026)**

Legal Counsel Jim Link provided an overview of the date's significance, explaining that members must be active by April 20, 2026, to be eligible to vote. Members with multiple accounts have until this deadline to designate their primary account for voting. After this date, Link will certify the member list and ballot preparation will begin. Director Kurzweil motioned to set the date of record for the 2026 election as April 20, 2026, with Director Cooney seconding. Following discussion, the motion was voted on and carried.

Record of Proceedings  
San Miguel Power Association  
Board of Director Meeting Minutes of  
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**Appoint CREA Annual Meeting Voting Delegate and Alternate**

Director Loczy motioned to appoint Director Szwarc as the CREA Annual Meeting Voting Delegate, with no alternate voting delegate listed. Director Cooney seconded. The motion was voted and carried.

Director Felicelli motioned to appoint Director Szwarc as the Western United Annual Meeting Voting Delegate. Director Brown seconded. The motion was voted and carried. This motion did not meet the 10-day notice and, therefore, will be ratified at the February 2026 Board of Directors Meeting.

**12. NEXT MEETING**

The February 2026 regular Board of Directors meeting will occur on Tuesday, February 24, 2026, in Nucla and via Zoom virtual meeting.

The March 2026 regular Board of Directors meeting will occur on Tuesday, March 24, 2026, in Ridgway and via Zoom virtual meeting.

**13. ADJOURN**

At 3:31 PM, Director Loczy motioned to adjourn the meeting. Director Alexander seconded. The motion was voted on and carried.

Signed by:  
  
Toby Brown, Secretary/Treasurer