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Record of Proceedings
San Miguel Power Association
Board of Directors Meeting Minutes of
September 22, 2026 (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 Cooney called the San Miguel Power Association (SMPA) Board of Directors regular meeting to order at 9:01 AM. The meeting was held at Mountain Village Town Hall and via Zoom Video/Teleconference. All Directors were present in person at the Mountain Village Town Hall Location.

3. APPROVAL OF CONSENT AGENDA

Director Felicelli motioned to approve the September 22, 2026, consent agenda, including the August 25, 2026, meeting minutes with corrections, and to defer ratification of the Silverton Franchise Agreement until the October Board of Directors meeting. Director Brown seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- An in-person member from Rico supported the time-of-use rate structure and recommended lowering the monthly service charge while increasing energy rates to encourage use during lower-cost periods. The member also urged SMPA to use local weather data when considering targeted power shutoffs during severe winds and to expand right-of-way clearing to reduce hazards from falling trees, while acknowledging the cost of expanded clearing.
- Director Felicelli communicated a developer's concern that SMPA actions may have delayed the Highline Project on Aspen Ridge in Mountain Village last fall. The developer did not provide specific details or request follow-up.
- Director Loczy reported a member's concern about the $2 paper bill charge applying to each of 15 accounts when the bills arrive in one envelope. As a possible solution, the member asked whether bills could be printed at an SMPA office as needed for recordkeeping.
- Director Yonder relayed a member's concern that the $2 paper bill charge unfairly affects those who do not use online platforms and offered assistance with setting up online billing. A second member requested easier access to documents referenced during virtual Board meetings and the ability for virtual attendees to see other participants.
- Discussion addressed member privacy when directors relay comments during the member comment period. Legal Counsel Jim Link advised that a member's name may be shared to allow staff to follow up on a specific concern, while private account information should remain protected.
- Director Szwarc shared concerns from two members. One questioned charges associated with a service request, and staff confirmed receipt of the correspondence. The other expressed concern about AI-related cybersecurity risks. Director Szwarc advised that he informed the member that the Board receives monthly cybersecurity reports and staff continues to monitor developments in AI technology.

5. CEO ITEMS

Bring Your Own Resources (BYOR)

Manager Zaporski reported that Tri-State accepted the second-round Bring Your Own Resources (BYOR) application. The project will enter the Montezuma County land-use process while the four cooperative partners work on the Flexible Supply Agreement with Tri-State and the Power Purchase Agreement (PPA). The initial solar

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and battery capacity will serve four Western Slope Colorado cooperatives, with potential for future expansion. The mix of solar and battery storage was modeled to limit rate pressure for members. At Tri-State's request, SMPA expects to seek an extension of the Flexible Supply Agreement submission deadline from the Federal Energy Regulatory Commission (FERC). The four partners intend to coordinate a joint press release, although its timing has not been set.

New ERA Grant Funding Update

Manager Zaporski reported that work on the New ERA grant continues. The next step is to submit two commercial agreements to the Rural Utilities Service (RUS): the Flexible Supply Agreement with Tri-State and the Power Purchase Agreement (PPA) with the developer. RUS may take additional time to review the agreements because of its processing backlog.

Energy Emergency Alerts

Manager Zaporski explained that Tri-State's entry into the Southwest Power Pool (SPP) subjects SMPA to Energy Emergency Alerts (EEAs) based on conditions across the broader regional grid, even when Tri-State has sufficient generation of its own. Level 1 signals that operating reserves are at risk; Level 2 calls for public conservation and use of available demand-response resources; and Level 3 may require rotating service interruptions as a last resort to protect the grid. An initial Level 3 alert passed before SMPA learned of it because Tri-State's member notification procedures were not yet established. Tri-State has since addressed those notifications, and SMPA is developing response and member communication procedures for each alert level, likely within its Crisis Communication Plan.

Cost of Service Study Presentation, Benjamin Bratrud, Power System Engineering (PSE)

Benjamin Bratrud, Manager of Rates and Financial Planning with Power System Engineering (PSE), explained the study's three steps: determine the revenue needed to operate SMPA and support its financial goals, allocate that requirement among rate classes based on the costs each class creates, and design rates to recover the needed revenue. Rate design balances financial adequacy, fairness, efficient electricity use, member acceptance and the need to avoid abrupt changes. SMPA's specific objectives were to meet the revenue requirement, review three options for each class, and move access charges closer to the cost of connecting a member.

Mr. Bratrud presented revenue requirement projections indicating that an 8.24% overall rate increase would be needed to meet SMPA's 1.60 Operating Times Interest Earned Ratio (OTIER) target, while a 17.29% increase would be needed under a rate-of-return approach that more fully supports planned capital investment. SMPA's capital plan includes reliability and resiliency projects, such as replacing aging infrastructure to maintain reliable service and adapt to changing grid needs. Three proposed rate designs each target approximately 12% in 2027 to make projected increases more consistent across years. Manager Zaporski indicated that increases near 12% may also be needed in 2028 and possibly 2029. These figures are planning estimates; actual rate needs will depend on wholesale power costs, capital spending and energy sales.

For the single-phase non-demand time-of-use class, the study estimated a $56.07 monthly consumer cost compared with the current $33 access charge. The three options would raise the access charge to $40, $42 or $45, with corresponding differences in energy charges. Mr. Bratrud clarified that consumer costs are the expenses of keeping a member connected to SMPA's system, including metering, billing and the basic grid connection. Fixed costs include those consumer costs plus the expense of maintaining poles, lines and other distribution equipment. The proposed increases would move the access charge closer to the estimated consumer cost of each connection.

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He noted that distribution costs remain even when weather reduces electricity sales. The Board also considered the greater percentage impact on low-use members, incentives to shift use away from peak hours and the need for clear member communication. Directors expressed differing preferences, and no option was selected. Staff and PSE will narrow the options for the October 13 budget work session and provide a comparison of neighboring cooperatives' access charges.

Introduction of Employee Guests

Patrick Berry, Chief Financial Officer

Manager Zaporski welcomed Patrick Berry as SMPA's new Chief Financial Officer, noting that his addition helps to bring the executive team back to full strength.

Mark Prezindowski, Information Technology Manager

Manager Zaporski introduced and congratulated Mark Prezbindowski on his new role as Information Technology Manager, expressing appreciation for his professionalism in taking on interim responsibilities ahead of his formal start in the coming weeks.

Candida Fierro, Member Service Representative (MSR) II

Samantha Platt, Member Service Representative (MSR) II

Manager Zaporski explained that Member Service Representatives (MSRs) serve on the front line of member communication and support a broad range of service processes. He recognized Candida Fierro and Samantha Platt for recently advancing to MSR II, a level reflecting their experience and broader responsibilities.

Kelly Truelock, Senior Staff Accountant; Megan Rutherford, Member Billing Representative; Darcy Weimer, Safety and Regulatory Compliance Coordinator; Eric Pottorff, Operations Manager; Keila Carver, Member Service Representative; Evan Coleman, Fleet Technician; Greg James, Facilities & Warehouse Technician; Keli Busch, Plant Accountant; Byrd Williams, Service Planning Supervisor; and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Employee Recognition Award

Manager Zaporski reviewed SMPA's Employee Recognition Program, which allows employees to nominate peers across several categories, and presented Kelly Truelock with On-the-Job Excellence recognition. The recognition highlighted Truelock's dedication and positive attitude while carrying a substantial additional workload during Finance Department staffing transitions and keeping payroll, financial reporting, and cash management on track. Mrs. Truelock expressed appreciation for the recognition and acknowledged the contributions of the team.

Community Focus Donations

The next donation review is scheduled for October 2026.

The Board discussed that hat Apple Core Project postponed its 2026 Heritage Festival until October 2027 because drought conditions and ongoing water concerns resulted in an insufficient regional apple crop. SMPA's sponsorship funds had already been issued, so the Board considered whether the organization should retain the funds or return them and reapply in 2027. Director Yonder motioned to allow Apple Core Project to retain and use the funds and apply for 2027 funding as well. Director Felicelli seconded. The motion was voted and carried, with six Directors in favor and Director Loczy opposed. Because the item was not identified for action on the posted agenda, the decision will be brought back to the Board for ratification at the October meeting.

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Board Donations
Director Brown donated $100 to the San Miguel Educational Fund (KOTO Radio), designated for "Rockin' with T. Brown."

Director Loczy explained that donations to the Veterans of Foreign Wars (VFW) designated for West End Family Link (WEFL) are eligible for matching funds from the national VFW. The following Board donations were directed to the VFW for WEFL under this matching opportunity:

- Director Szwarc donated $100 to (VFW) for WEFL.
- Director Felicelli donated $100 to (VFW) for WEFL.
- Director Kurzweil donated $200 to (VFW) WEFL.
- Director Loczy donated $500 to (VFW) for WEFL and pledged an additional $500 personally.

Finance
Update Bank Authorized Signatures (Resolution 2026-02)
Manager Zaporski presented Resolution 2026-02 to update SMPA's authorized bank signers following changes in the finance department. Director Felicelli motioned to approve Resolution 2026-02, updating the authorized bank signers for SMPA's accounts at Alpine Bank, Citizens State Bank, and U.S. Bank to include CEO Brad Zaporski, CFO Patrick Berry, Senior Accountant Kelly Truelock, and Board President Kevin Cooney, and removing all other individuals as authorized signers, including any associated account authority or access. Director Kurzweil seconded. Following discussion, the motion was voted and carried.

Financial Review
CFO Patrick Berry reviewed the August financial report and described August as a solid month relative to budget, despite a challenging year affected by weather and economic disruptions in Mountain Village and Telluride. The month's negative margin was approximately in line with budget, as stronger residential sales were offset by higher operating and maintenance expenses. Year-to-date operating times interest earned ratio (TIER) was 0.77, below the 1.10 minimum. CFO Berry recognized staff's expense management and explained that most distribution costs remain even when electricity sales decline. The review also addressed balancing borrowing for system improvements with SMPA's equity position and lender requirements. Discussion included SMPA's historical reliance on stronger winter revenue to offset weaker summer months, making year-end results sensitive to winter weather and electricity sales. Staff will refine the year-end forecast and evaluate whether remaining deferred revenue could help SMPA meet its minimum financial ratios. Manager Zaporski tied this weather-related uncertainty to rate design, explaining that recovering more fixed costs through fixed monthly charges would make SMPA's revenue less vulnerable to swings in electricity sales.

2025 Capital Credit Allocation
Manager Zaporski presented the 2025 capital credit allocation of $1,528,835, consisting of $1,072,920 from SMPA and $455,915 from generation and transmission and other associated organizations. Following Board approval, the allocation will be assigned to members based on their 2025 patronage and reflected on their bills. Discussion clarified that allocation records each member's share of the margins; it is separate from the retirement of capital credit, which involves a cash payment. The Board also discussed the effect of future retirements on cash needs and planned capital investment. Manager Zaporski indicated that staff may recommend foregoing a 2027 retirement, subject to further financial review. Director Loczy motioned to approve the 2025 capital credit allocation of $1,528,835. Director Yonder seconded. The motion was voted and carried.

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Marketing & Member Services

Manager Freeman reviewed the Member Services report and highlighted the Green Fund, which is maintained separately from SMPA's general fund and supported primarily by voluntary Green Cents Roundup and Totally Green Blocks contributions. The Board approves an annual budget for the fund, which supports income-qualified weatherization, efficiency and beneficial electrification rebates, solar and battery programs, and local renewable energy development. Approximately $115,000 is typically directed to weatherization each year. To encourage participation, SMPA will hold an e-bike drawing on October 8 for new and existing contributors. Key Accounts Executive Paul Hora will also present the Green Fund program overview at Mountain Towns 2030.

Sharing Success Grant

Staff reported that CoBank's Sharing Success matching funds were exhausted before SMPA submitted its 2026 application. Without the match, the grant pool would consist solely of SMPA's budgeted $15,000 rather than the anticipated $30,000. The Board considered proceeding with a smaller grant cycle or pausing the program in light of current financial pressures and the staff time required to administer it. Community Focus and individual Board donations will continue. The $15,000 unspent will remain in the general fund and will not automatically carry forward as grant funding for 2027. Director Felicelli motioned to pause the Sharing Success Grant program for 2026 and not spend the budgeted $15,000. Director Cooney seconded. The motion was voted and carried.

Policy 300 – Rules and Regulations Proposed Changes

Manager Freeman introduced proposed revisions to Policy 300 for the Board's initial review. The revisions would document SMPA's existing $2 paper bill fee, update notification methods where the policy currently requires mail, and replace landlord agreements with Automatic Service Transfer Agreements (ASTAs). Member Service Representatives Samantha Platt and Candida Fierro explained that an ASTA would transfer service back to an owner when a tenant voluntarily ends service, but not when a tenant is disconnected for nonpayment. The proposal would clarify owner and tenant responsibilities, apply the standard $25 transfer fee, protect tenant account privacy and allow tenants to use SmartPay. Board questions addressed transfer fees, tenant deposits, SmartPay administration and responsibility for service between tenants. Because Policy 300 requires 30 days' notice to consumers before amendments may be approved, staff will initiate the notice process and return the revisions for Board action at the October meeting.

Programs, Projects & Initiatives Review Presentation

Communications Executive Alex Shelley provided a Telluride/Mountain Village area update on SMPA programs, projects and initiatives. The update covered system maintenance and upgrades. He explained how planned outages support improvements that can shorten or prevent future unplanned outages. Mr. Shelley reviewed electrical safety training for first responders, wildfire detection cameras, drone inspections, vegetation management and system settings used during periods of high fire danger. The presentation also covered anticipated 2027 rate pressures, local generation opportunities, solar and battery projects, electric vehicle resources and the Electrify & Save on-bill repayment program.

Member Comments/Participation RE: Programs, Projects & Initiatives

Member comments, participation and questions focused on four main areas: wildfire mitigation, rates and energy use, local generation and storage as well as planned outages and regional projects.

- Wildfire Mitigation: Community representatives asked how SMPA's fire detection cameras are coordinated with local fire agencies and discussed the cost of mitigation and growing concerns about

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insurance availability. Staff described the shared camera effort, vegetation management and other system improvements, noting that fire mitigation remains a significant ongoing expense.

- Rates and Energy Use: Discussion addressed the loss of two large electric loads and whether time-of-use rates are encouraging members to shift use away from peak hours. Manager Zaporski noted that SMPA does not yet have a complete assessment of changes in member usage. Participants suggested peak-hour reminders and equipment controls; staff described timer incentives and options for scheduling electric vehicle charging.
- Local Generation and Storage: Community representatives expressed interest in expanded local generation under Tri-State Policy 115 and the ability of SMPA's system to accommodate more rooftop solar. Manager Zaporski explained that a few circuits are approaching limits on solar exports, although most of the service territory is not affected. Participants emphasized advance notice for members planning solar installations. Battery incentives and distribution-level storage were discussed as possible solutions, with any related policy changes to come before the Board later.
- Planned Outages and Regional Projects: A community representative suggested using local visitor activity to help schedule planned outages when fewer people are in town. Discussion also clarified that Policy 115 and Bring Your Own Resources projects have separate allowances. Staff reported that the federal grant process associated with regional energy projects remains active, although funding has not been finalized.

Information Technology
Manager Prezbindowski reported that IT focused on transferring responsibilities from the outgoing IT manager and onboarding the new CFO. The team refreshed Appspace signage hardware and supported a pole attachment inspection project that will improve GIS mapping. No cybersecurity incidents were reported.

Administration & Human Resources
Manager Rodriguez reported that onboarding for the new CFO is underway and first-round interviews have been held for the Senior Accountant and Service Planner positions. HR is preparing for November open enrollment and considering a high-deductible health plan as an additional option for non-bargaining employees amid rising healthcare costs, noting that the bargaining employees already have a high-deductible plan through LineCo.

Policy 112 – Harassment
Manager Rodriguez and Legal Counsel Jim Link reviewed proposed revisions to Policy 112, including language addressing digital harassment and replacing a list of specific categories with "protected characteristic or status." Discussion included whether the broader wording would be clear to employees and whether a definition was needed. It was noted that the policy's examples are illustrative rather than exhaustive and emphasized that employees should feel able to report concerns. Director Brown motioned to adopt Policy 112 as drafted, effective September 22, 2026. Director Kurzweil seconded. Following discussion, the motion was voted and carried.

Policy 303 – Net Metering
The Board reviewed Policy 303 – Net Metering. The revisions add language addressing balcony solar and reflect the UL 3700 safety standard included in recently adopted state requirements. Staff clarified that balcony solar does not necessarily require net metering, but members seeking to net meter such a system must use equipment that meets the standard. Director Felicelli motioned to approve Policy 303 as revised. Director Loczy seconded. The motion was voted and carried.
Following the vote, the Board discussed hosting capacity as it relates to net metering. Some distribution circuits are approaching limits on the amount of electricity they can receive from member solar systems. Discussion

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included non-exporting systems, battery storage, potential system upgrades and the need to inform members and installers about circuit limitations early in project planning. Staff plans to seek input and bring further Policy 303 revisions to the Board for consideration by year-end.

Engineering | Operations | Safety & Regulatory Compliance
Manager Fox reviewed the engineering report, highlighting SMPA's work with the Audubon Society to install an osprey nesting platform near Ridgway. Most enhanced system protection settings have returned to normal following recent moisture. Tri-State supplied materials for a lightning-damaged switch needed for ongoing Ouray substation work. Staff is pursuing contracts for Red Mountain and Idarado substation work and exploring a potential lease of fiber associated with the Red Mountain project. Manager Fox spoke to vegetation management explaining that a utility arborist assesses reported hazard trees and prioritizes immediate risks. Other trees may be addressed during the regular four-year clearing cycle. Additional crews have focused on hazard trees, but the vegetation management budget is nearing its limit.

6. BOARD TOPICS
N/A.

7. ASSOCIATED MEETING REPORTS
Eco-Action- Toby Brown
Director Brown reported that EcoAction Partners is supporting the Totally Green enrollment campaign and its e-bike drawing, hosting a Coffee and Climate conversation on housing and the environment, and providing electrification outreach at the Silverton farmer's market. EcoAction Partners will also host "Pennies to Power," a panel about SMPA's Green Fund program, at the Mountain Towns 2030 Summit, a gathering focused on climate action and resiliency in mountain and rural communities.

CREA- Val Szwarc
Director Szwarc reported that CREA is working on a wildfire liability legislative proposal. Potential legislative sponsors have been identified, but the timing remains uncertain. CREA's upcoming Innovation Summit will include sessions on wildfire mitigation. CREA also requested cooperative feedback as enrollment in its safety courses declines. In 2027, CREA plans to revise its position on data centers, with a focus on protecting existing members, service territories, grid reliability and local control.

Western United (WU)- Tom Loczy
Director Loczy reviewed Western United's annual meeting, reporting a favorable audit, membership reaching 100 cooperatives and plans to retire nearly $5 million in 2019 capital credits. Western United's new subsidiary, Peaks to Plains, will pursue larger non-member projects that could benefit member cooperatives financially. Improving inventory availability and shorter delivery times may help SMPA receive ordered materials sooner. Additionally, Director Loczy advised that he will serve on Western United's CEO Evaluation Committee.

Tri-State- Kevin Cooney
Director Cooney reported that the current order keeping Tri-State's Craig plant operating expires at the end of September, and it remains uncertain whether another order will be issued. The Federal Energy Regulatory Commission (FERC) approved Tri-State's High Impact Load Tariff, which requires large new customers to pay for necessary infrastructure upgrades. Tri-State is also receiving additional transmission revenue through participation in the Southwest Power Pool (SPP). Year to date, renewable resources have supplied 52% of Tri-State

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member load. Additionally, Tri-State has engaged Great Co-ops to gather confidential feedback from member cooperatives. Director Cooney also reported that Tri-State's 2027 rates are set, while a working group continues to examine future rate issues. A potential change to how radial transmission costs are assigned could significantly increase SMPA's costs. Discussion noted that SMPA would need to reassess its Tri-State membership if those costs were fully assigned to the cooperative. Director Cooney also noted ongoing negotiations and litigation concerning the anticipated departure of Tri-State's Nebraska members.

8. ATTORNEY'S REPORT

Legal Counsel Jim Link reported that the Director District Subcommittee expects to review a preliminary draft of proposed district changes and present it to the Board in October. Board feedback could be incorporated into a revised proposal for November consideration, with the goal of finalizing any changes by year-end. It was determined that an executive session was not needed.

9. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including Tri-State Member System Orientation on September 30, 2026, the CREA's Energy Innovations Conference scheduled for November 1-3, 2026, in Westminster, CO and NRECA's Winter School for Directors scheduled for December 11-15, 2026, in Nashville, TN. Additionally, in consideration of Director's travel to the NRECA Winter School for Directors, the December Board of Directors meeting will be rescheduled to Wednesday, December 16, 2026.

10. MISCELLANEOUS

President Cooney reported that the Board self-assessment committee received a proposal for a facilitated review. Funding will be considered during the 2027 budget process. President Cooney also noted that he would like to discuss the Tri-State Policy 309 Director donation for 2027 and beyond at a future meeting.

11. NEXT MEETING

On Tuesday, October 13, 2026, a Budget Work Session will be held in Ridgway and via Zoom virtual meeting.
The October 2026 regular Board of Directors meeting will occur on Tuesday, October 27, 2026, in Nucla and via Zoom virtual meeting.
The November 2026 regular Board of Directors meeting will occur on Tuesday, November 17, 2026, via a Zoom virtual meeting only.

12. ADJOURN

At 3:12 PM, Director Yonder motioned to adjourn the meeting. Director Kurzweil seconded. The motion was voted on and carried.

Signed by:
Toby Brown
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Toby Brown, Secretary/Treasurer