

### 1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:38 AM. All Directors were present.

### 2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (December 21, 2017) to include the November 28, 2017 meeting minutes with correction. Director Alexander seconded. The motion was voted on and carried.

### 3. MEMBER OR CONSUMER COMMENTS

- Director Felicelli introduced our Member guests John Roth from Telluride and Edwin Schlapfer from Ophir.
- Director Rhoades was approached by one of the commissioners to keep our substation access open after we get snow for the cross-country trail groomers. The cross-country trails are not on SMPA property but the groomers do gain access to the trails on SMPA property.
- Director Rhoades also mentioned a potential property in Silverton owned by the County that may be a good fit for a SMPA facility. Manager Zaporski would like to visit the property to take a look.
- Director Felicelli received a member comment from a San Bernardo resident complimenting crews for being polite, nice and very professional.
- Director Sibold, Manager Zaporski, Brad Nebergall, Senior Vice President of Energy Management at Tri-State and Chris Arndt of Telluride had a conference call to answer some of Chris's questions regarding the long-term well-being of Tri-State. It was a very informative conversation and positive.

#### Rate Hearing

Manager Zaporski read several member comments regarding rates as paraphrased below:

- Member, Kurt Johnson from Telluride phoned in to Manager Freeman. Mr. Johnson was unhappy with the timing and location of the Rate Hearing. He thinks that continually increasing the energy charge is the only way to incentivize energy efficiency. His other comments were around an update on the study of a wholesale provider.
- Member, Ted Loehr from Ridgway emailed and is disappointed in the increase in the access charge that has nothing to do with what is consumed.
- Member, Roz Strong emailed and was curious why the rates were going up but consumers received dividend checks in the past year and wanted to know which budget line items require the rate increase.
- Member, Dave from Ridgway would like to know where SMPA feels the access fee should eventually land. He feels increases to the access charge will discourage residential solar.
- Member, Katie Kemper from Ridgway thinks that increasing the energy charges for all classes would be more equitable without punishing those who have taken energy efficiency measures.

Member, John Roth from Telluride spoke to the Board in person. He thinks that increasing the access charge doesn't encourage energy efficiency and would like to see a pro-rated kilowatt charge increase based on the amount of energy used.

Member, Edwin Schlapfer from Ophir spoke to the Board in person. Mr. Schlapfer read several member comments that were not in support of the increase: from Skip Edwards and Kara Lee whom would like to see in the energy charge increase, Molly Galetto and Asa Van Gelder would also like to see the increase in the kilowatt

hour charge. Mr. Schlapfer is not in support of the increase in the access charge and believes the increase would deter members from further investing in efficiency and conservation.

Director Felicelli replied and explained that the access charge is designed to cover our fixed costs. SMPA's access charge has been very low for too long. Felicelli went through neighboring cooperatives and what their access charges are. In comparison, we have the lowest access charge and the highest energy charge. Overall, we are selling less energy for numerous reasons (e.g. weather, energy efficiency). He liked the idea of charging more for those who use more as John mentioned and thinks that this is something we should look at again. Director Cokes thinks that the members had great comments and explained that our geography is very challenging and that is something we need to consider. Director Sibold also noted that Tri-State is also not growing. Manager Zaporski explained the Cost of Service study. He explained that SMPA has been very successful with their energy efficiency and conservation programs. In part this has led to lower sales of energy. Therefore, in order to remain a viable business and in order to be able to continue our successful energy efficiency programs the coop needs to increase the access charge to balance the basic operating costs and the fluctuation of energy revenues.

#### **4. STRATEGIC PLANNING**

Update: Improve system reliability. Complete the final Red Mountain transmission analysis, with final recommendations- Bill Riley

Manager Riley briefly reviewed the analysis from Tri-State. The first two options explored the idea to rebuild a new Ouray-Burro Bridge 44 kV line. These options are very costly and may not be feasible to attain easements and right of ways. The third option is a battery inverter system, newer technology, that is not traditional. The details would have to be defined if considered. It is hard to make an apples to apples comparison between a battery and a new line due to the limited operating characteristics of a battery. The fourth option is a diesel generator back up that would not be intended for permanent use. Several individual units would be needed in order to carry the load. The fifth option would be to re-build the 44 kV line in the existing right of way. This option would be constructed in two sections, the first nine miles and then the second 4.94 miles (of very rough terrain). The rebuild of the existing line is staff's recommendation based on the analysis and feasibility of all options. Tri-State would contribute to this project at 50% based on load, up to  $\approx$  1.6 million dollars. The first nine miles would be part of this Construction Work Plan and the remaining line to be included in the subsequent work plan. As part of the Board's strategic goals they are in agreement that something must be done with this line. A resolution is to be drafted for review next month to move forward with the project.

Update: Understand the full value, and options, of our membership and contract with Tri-State G & T- Brad Zaporski

Manager Zaporski explained that it is the expectation of some of our membership that we hire a third party to do a power supply analysis. There will be a decision point of whether to move forward with a Tri-State 118 project versus a consultants evaluation of our power supply options. It was decided to continue the discussion in executive session regarding the Tri-State Wholesale Power Contract.

Update: Gain full Board understanding of current long term financial policy, and options, to create financial flexibility while maintaining rate stability- Bill Mertz

Manager Mertz discussed equity management. Equity to asset ratio of  $\approx$  35% and did a brief tutorial. It is by direction of the Board to continue the financial education that we have been doing.

## **5. CEO REPORT**

### **Introduction of Employee Guests**

There were no employee guests this month.

### **Corporate Donations**

There were no donations for review this month.

### **Board Donations**

There were no Director donations this month.

### **Finance Update**

Manager Mertz gave his monthly update. It appears that we will get a progress payment from Tri-State for the Telluride/Mountain Village Reliability Project.

### **Decision on Rates**

Director Alexander motioned to approve the rate increase as proposed and noticed on the website. Director Garvey seconded. The motion was voted on with six votes in favor and one nay vote from Director Justis. The motion passed.

### **Marketing & Member Services**

#### **Annual Meeting Theme Selected**

Communications Executive, Alex Shelley introduced five different themes to the Board. The majority of the directors chose New Heights as the 2018 Annual Meeting theme. The Board's feedback was to move forward with music, omit a speaker option to keep the meeting shorter and host the meeting in the truck bays at our Nucla office.

### **Information Technology**

Manager Tea had no other updates other than what was in his monthly report.

### **Administration & Human Resources**

Manager Reams reviewed the top three strategic Board training topics: Long term financial policy and goals, SMPA safety culture and participation, and communication both inside and outside the coop. She was very appreciative for the support in sending her to the Management Internship Program and felt the first section was very beneficial.

### **Engineering**

Manager Riley updated the Board of Directors on the Telluride/Mountain Village Reliability project. They energized the system for testing on Tuesday of this week and it is available for emergency service. We are still waiting for the switchgear. If there are any additional charges incurred due to the lack of the switches shipping when they were supposed to, Exponential Engineering will cover those costs.

### **Operations**

Manager Oliver explained that they finished up the Silverton project and the Billy Creek but still busy.

## 6. ATTORNEY'S REPORT

Director Garvey made a motion at 2:36 PM to enter into executive session for personnel and contractual issues. Director Cokes seconded. The motion was voted on and carried. The board entered into executive session at 2:36 PM and came out at 3:39 PM. While in executive session no decisions were made, nor votes taken.

Director Alexander made a motion to approve the 2018 Attorney Engagement contracts. Director Cokes seconded. The motion was voted on and carried.

## 7. ASSOCIATED MEETING REPORTS

CREA- Bob Justis

Senator Gardner attended a meeting with Y-W Electric had good discussion. Kent Singer encourages Senators to attend coop meetings.

Legislation state level:

Reconsidering increasing renewable energy standard.

Prohibit cold weather shut off and power.

Exec Session re: renewing the Executive Director's contract; Kent Singer was re-hired.

CREA New Coop Director's Orientation in Denver in late Jan. was suggested to those who have not yet attended.

Budget passed and included the international project.

Western United- Dave Alexander

The company overall is doing well. They are expanding the Board by one seat and added a regional seat to include Nevada, Idaho and Utah. The added rep in Salt Lake, UT has worked out well. Still considering a warehouse in the Salt Lake area.

Tri-State – Jack Sibold

They are going to remove Pathnet link and replace it with microwave.

The Tri-State Westminster property is now under contract.

Tri-State's Strategic Planning session is scheduled for Jan. 9-10 topics of discussion include resources adequacy and capacity.

RTO is still in negotiations.

Mike McInnes, Tri-State CEO, is scheduled to retire in late spring/early summer of this year.

20 million is slated in patronage capital retirement for 2018.

Eco Action- Jack Sibold

Mountain Village Mayor is not in support of funding from Eco Action Partners. Taking over Green Lights program to administer in house.

## 8. BOARD TRAVEL

Director Felicelli and Manager Zavorski are attending the CREA Annual Meeting Feb. 10-13<sup>th</sup>. The remaining Directors expressed interest in also attending. Director Rhoades and Sibold will get back with Danielle Rodriguez if they are able to travel.

## 9. MISCELLANEOUS

Annual Meeting theme selection determined during the Member Services update in the CEO Report.

**10. BOARD CALENDAR REVIEW**

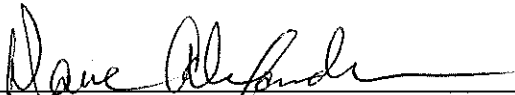
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**11. NEXT MEETING**

The January Board of Directors Meeting will be on Tuesday January 23, 2018 in Ridgway.

**12. ADJOURN**

Director Garvey motioned to adjourn the meeting at 3:59 PM. Director Alexander seconded. The motion was voted on and carried.



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Dave Alexander, Secretary/Treasurer