

**Record of Proceeding
San Miguel Power Association
Board of Director Meeting Minutes of
January 27, 2015 (Ridgway)**

1. CALL TO ORDER

President Felicelli called the January 27, 2015 meeting of the San Miguel Power Association Board of Directors to order at 9:30 a.m. All Directors were present.

2. APPROVAL OF THE CONSENT AGENDA

Director Garvey motioned to approve the consent agenda. Director Alexander seconded the motion. The motion was voted on and approved unanimously.

3. MEMBER COMMENTS

Director Sibold shared that a member approached him and he referred her to Cal who took care of the situation.

Director Felicelli shared his conversation with Susan McCormick who has some serious medical issues. The member is trying to eliminate as many possible causes of her sensitivity including SMPA's AMI meter. The member stated to President Felicelli that the issues had been resolved. Manager Ritter stated this member has also spoken with SMPA staff.

Director Garvey shared that a consumer contacted her regarding the difficulty in reaching anyone at SMPA. The member wanted to complaint about the late fee. The member however did thank SMPA for the Christmas credit.

President Felicelli shared details regarding a couple of incidents that occurred on December 22nd during the large blizzard that caused a power outage in Silverton, Ouray, Telluride, and Rico. He commended the SMPA staff for their amazing efforts to restore power to members in the difficult weather conditions. Manager Ritter also recognized and expressed appreciation for the work of the employees.

4. CEO REPORT

A. Introduction of Employee Guests, Scott Davidson and Mark Castle, Journey Line Technicians in Ridgway.

Manager Ritter introduced both Line Technicians to Directors. Each was given the opportunity to share some about their work history and background. Marc Castle has been employed with SMPA for 16 years and Scott Davidson has been employed with SMPA since 1989.

B. Strategic Goals

Technology

Manager Ritter reported that several conversations have taken place with different groups who are inquiring how SMPA can help with regional broadband. SMSB Network Solutions is continuing to work on the RFP for connectivity of the fiber link between the Nucla and Ridgway offices with outside ISP providers.

San Miguel County asked for a meeting with SMPA regarding bringing broadband services into areas of San Miguel County.

Terry Daley has had conversations with Neo Fiber and Burro Net services in Ridgway. Manager Ritter asked for board discussion so staff understands where Directors want to position SMPA as a company in terms of providing broadband services. Manager Ritter stated that so far SMPA has been as supportive

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as possible. The middle mile piece of the infrastructure is a reasonable possibility through Tri-State and/or SMPA. SMPA has not taken the position of being willing to provide the last mile of service that is providing direct service to individual customers. If Directors were interested in the last mile SMPA would need to consider adding staff to meet the service demands. In some places it could be very costly to get fibers to residences or generate wireless signals. Does SMPA want to be in competition with other service providers? There are other cooperatives that provide "last mile" services and are having success, however these cooperatives are also the only service provider in their area.

Providing the "middle mile" could provide faster wholesale speeds to providers who could better service the last mile to individual services, is a better possibility. San Miguel County understood this and encouraged SMPA to position themselves to provide the "middle mile". Tri-State has committed that from the Telluride – Sunshine substations they may be interested in entering a lease arrangement to the San Miguel County area service providers, but right of way easements would need to be established by the entity requesting the service. The current right of way that SMPA and Tri-State have established does not allow for commercial use of fiber. Telluride Foundation is assisting San Miguel County on obtaining the necessary rights of way. Upon advice of legal counsel it was suggested that San Miguel County must obtain their own separate commercial right of way. Manager Ritter asked for Board direction on the matter. Discussion took place. President Felicelli shared his opinion that he was in favor of the middle mile portion but not the last mile as that would deviate from core business and not be in competition with other established businesses in our area. Director Sibold was in favor of the middle mile as it was more a distribution of the fiber which is in some ways what SMPA does. He felt there may be some legal issues that may arise if SMPA were to compete with local providers of the last mile service. The Sunshine to Telluride project may provide an opportunity to accomplish the middle mile but there are some details that would need to be ironed out. Director Cokes shared that Terry Daley did a good job of communicating the issues to John Metcalf of Burro Net. She received a complimentary email regarding the cooperation with San Miguel Power and that SMPA was communicating and transparent with members regarding the issues facing this project. Director Alexander was ok with exploring the costs associated with providing the middle mile but he wasn't interested in going any further. The consensus of Directors was that staff is proceeding correctly in helping facilitate the project and to further explore the option of being the provider of the middle mile service.

E. Montrose Community Foundation Funds

Director Garvey shared that the donation committee met before the board meeting. The committee will develop a criteria defining economic development by the February meeting. Once the criteria is defined it can be included in the letters mailed to organizations that may be seeking funding for economic development.

G. Board Donations

Director Garvey asked to donate \$200 of her donation funds to the Nucla Senior Citizens Group.

L. Complaint Regarding Opt Out Fee

Directors reviewed the details from an opt out complaint that Ms. McCormack presented to staff. President Felicelli refreshed Directors that SMPA has a opt out tariff at a cost of \$25 per month. Staff did analysis on the aggregated costs associated with manually reading the meters and the actual costs were in the range of \$33 - \$35 per meter read. Attorney Link reported on a recent court case on the

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east coast that challenged an opt out fee on constitutional and medical challenges. The court threw out the case and the fee remains. President Felicelli also mentioned there are a number of coops in Colorado that offer no type of opt out option. There was no interest in revising the opt out fee tariff.

M. Red Rock Ranch Complaint

Director Garvey shared that the member felt the estimate was unfair and was being overcharged. Manager Ritter shared that he had staff review the cost estimate and found that the estimate was reasonable for setting a three phase pole, hanging a three phase bank, transformer, and facility reinforcement fee. Directors were reminded that while some cooperatives offer some subsidies for line extensions, SMPA's philosophy has been that growth pays its way. Brief discussion took place. Directors were not in favor of changing the line extension policy at this time. Director Garvey stated she will contact the member to advise them that the issue was brought to the Board and discussed and the estimate was found to be reasonable.

N. Finance

iv. Evaluation of Disconnect Procedures

Manager Ritter shared that staff evaluated the disconnect procedures. Directors were provided the summary of costs associated with the three options. Director Justis stated the costs outlined were prohibitive.

Director Justis shared a recent experience of one of his neighbors who travels south for the winter. The member had his credit card compromised. The card company declined payment including the auto pay of his SMPA monthly bill. The member got in arrears and only learned that the card had been declined when he was attempting to utilize the card for another purchase. According to the member if he had not had the occasion to use the credit card, given the time between when the bank rejected his auto pay and the time when he received the disconnect notice, it would have been such that his power would have been cut off two days before he would have received a disconnect notice from SMPA. There would have been forwarding issues with the mail and possible holiday delays in mail delivery. The member is not currently on site at his Telluride residence and not available to receive a message from an answering machine and if the power was cut off could have incurred substantial damage from frozen pipes etc. The member felt that more time should be factored in so that he would have more of an opportunity to correct the situation of past due balance. Director Justis asked if there was insurance coverage available in case a disconnection of power caused damage to a member's home. He believes that SMPA should consider doing something without obviously driving up the costs.

Cal Rutherford explained the difference in this situation from the option for members to log into their account and pay on line with a credit or debit card. There is also an option for members to set themselves up on auto pay which will automatically charge their credit card monthly to pay their electric bill. Cal suggested setting the member on an email notification which would send out a monthly email stating what his balance is. If the member notices that the amount is larger (two month period of charges) then the member would need to log into their account to investigate why the balance was larger than normal. Cal advised that this option is available to every member if the member chooses to share their email address with SMPA. Director Justis felt this option should be advertised more as well as campaign to collect member cell phone numbers. Brad Zavorski shared that prior to the IVR system Member Services conducted a member information update campaign which included the opportunity to win a gift certificate to a local restaurant. The campaign was only mildly successful. The current IVR

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system call asks each member if they would like to update their contact information. Staff agrees that there is a need to collect correct member contact information but it can be difficult to gather.

Manager Ritter shared that it is a matter of risk. SMPA insurance is tied to negligence. If SMPA is negligent and causes damage to a member's property our insurance will pay. If a member is disconnected for nonpayment the risk is with the member and insurance will usually not pay for damages. Staff is willing to seek out information from insurance providers if Directors wish to make this type of policy change, but we should also consider the risk and liability of the issue. It is not normal that a business assumes risk for another party.

Cal Rutherford stated that when a credit card is declined a letter is generated and mailed to the member. Last month there were approximately 90 credit cards that were unable to be drafted. Staff has a form letter on file that is printed to advise the member that their credit was declined and to please contact SMPA to make payment. Director Justis mentioned that he will inquire with the member to see if a letter was received. He will also report information he receives from his private home owners insurance about coverage if disconnected. Director Justis will also bring this issue forward during the upcoming President's breakfast during the CREA annual meeting. He is attending the breakfast since President Felicelli is unable to attend. Discussion took place.

v. Financial and Statistical Reports

Directors reviewed the financial reports. Director Justis questioned a November 2013 revenue number reported on two different reports. Cal Rutherford explained that one report showed operating revenue only and on the second report was total revenue. The excess non-operating revenue could reflect the sale of equipment or property. President Felicelli stated the margins are looking positive. Cal is expecting the kWh sales in December will be lower than budgeted. Directors discussed the very warm weather the area has experienced for both December and January.

Director Justis questioned the refund checks printed in the amount of \$66,000. Cal answered that typically the refund checks are the return of member deposits or the return of monies associated with aid to construction. If a job is closed and there are monies that were not utilized the monies would be refunded to the member.

vi. November 2014 Expenditure Report

Directors reviewed the expenditure list. Director Alexander mentioned that he is pleased with the work that Asplundh is doing. He was personally contacted before trees were trimmed on his property and they appear to consistently be working and doing a good job.

O. Marketing & Member Services

iii. Bridal Veil Hydro

Manager Ritter reported that the hydro unit is back on line. The hydro has been out of commission for quite some time and SMPA Directors gave their authorization that SMPA would honor the contract even though the hydro was in non-production.

iv. REDLG Loan

Brad Zaporski contacted the USDA representative regarding a possible loan to the Silverton San Juan Volunteer Fire Department for their new building. The representative shared since the loan would

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really be to refinance an existing loan it would not qualify for a REDLG program loan. The representative will double check through her superior for a definitive answer.

v. Communications Advertising Campaign

Directors were given examples of a new advertising campaign that SMPA is rolling out. The new ads involve the Tri-State Generation robot "Power" and depict the way that power affects our daily lives. The ad examples were passed out to Directors.

4. ACSI Survey

Directors were informed that this national survey is a standardized survey that measures customer satisfaction not only in the cooperative world but as well as investor owned and municipal utilities. The survey is complete and staff is awaiting the results in early February. Staff will share the results once they are received.

vii. Energy Services

1. Net Meter/Community Solar Sales

There continues to be rumors of two large pending purchases into the community solar garden, which could sell out all available panels. President Felicelli reported that sale of The Peaks Hotel has not closed yet. The new owners are determining if they want to close the sale now or wait until the end of the ski season. They are planning on closing the hotel for six months for needed renovations. Directors were reminded that they will have the opportunity to approve both of the purchases, should they occur.

viii. Miscellaneous

Manager Ritter shared that he recently met with Megan Gilman regarding a renewable energy cooperative. This is in response to the conversations many cooperatives are having about roof top solar and having the cooperatives provide this service rather than let third party systems in the cooperatives certificated service territory. Ms. Gilman is proposing a green cooperative that could perform services i.e. leasing programs for cooperatives.

President Felicelli inquired if the Town of Telluride was planning on participating in the ReLight program. Brad shared that the ReLight Mountain Village program was incredibly successful in getting the rebates and positive PR. There are other communities expressing interest in offering the program. SMPA is working with Eco Action Partners on this offering. Tri-State is on board with continuing to offer the program to the other communities since the program falls within the parameters of their rebate program. Manager Ritter shared that he had other cooperatives approach him asking about the program and how it works. SMPA was able to access \$32,000 from Tri-State as part of the rebate to SMPA members purchasing LED bulbs. In order to access the dollars from Tri-State SMPA's program contribution was \$4,000.

Director Garvey shared that an acquaintance of hers recently purchased a new washer and dryer in Montrose. The business where the purchase was made reminded her that SMPA offers appliance rebates. The member was very pleased that her cooperative was offering the rebate. Brad shared that the new rebate program brochures will be arriving soon. Becky will be delivering the new program brochures to every business that sells appliances so their staff is aware of the rebates and can share that information with the SMPA member.

5. ATTORNEY REPORT

Director Alexander motioned to go into executive session for the purpose of discussing contracts and legal issues. Director Garvey seconded. The motion was passed unanimously.

Directors came out of executive session where contracts and legal matters were discussed. While in executive session no votes were taken and no decisions were made.

D. Wes Perrin Memorial Scholarship

Director Garvey motioned to award a second Wes Perrin Memorial Scholarship to the 2014 second place student classified under the "Other" category. Director Rhoades seconded. No discussion was presented. The motion was carried.

6. Policy Review

Employee Training and Education Policy

Manager Ritter shared that he received some minor wording changes from Attorney Link.

Shop Use

Attorney Link had some minor wording changes.

Employee Purchase Account

Dress and Appearance Policy

Clothing Apparel Allowance

Manager Ritter suggested moving the section regarding laundering of clothing to earlier in the policy. Director Justis motioned to approve the five policies presented with the minor changes as suggested by Attorney Link and the change in the Clothing Apparel Allowance policy as suggested by Manager Ritter. Director Garvey seconded. The motion was passed unanimously.

7. ASSOCIATED MEETING REPORTS

A. CREA – Dave Alexander

Director Alexander reported that the CREA Annual Meeting and monthly Board meeting will take place in Denver on Thursday and Friday.

Director Alexander reported that CREA has been trying to address issues with HB-252. They are trying to reduce the 2% distributive generation requirement to 1%. **[The previous statement was made in error and is corrected in the March 24, 2015 minutes. Per direction from Attorney Link.]** The new legislation is being discussed as part of Senate Bill 46 (SB-46). Manager Ritter shared that CREA's goal is to clarify the language in the bill. The bill puts the multiplier back in place for retail generation or net metering which is said to be technology neutral. Solar gardens are to be considered retail or net metered for the purposes of compliance. Director Alexander shared that there are some eastern plains cooperatives that have no distributed generation resources in their areas. CREA is not intending to repeal HB-252 or its requirement.

i. CREA Annual Meeting Voting Delegates

Directors were asked to choose an annual meeting voting delegate and alternate. President Felicelli motioned to retain Director Alexander as voting delegate for the annual meeting and Director Garvey as the alternate. Director Sibold seconded. The motion was voted on and carried.

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B. Western United – Dave Alexander

WUE will host their annual meeting in Denver after the CREA annual meeting. President Felicelli motioned to retain Director Alexander as the annual meeting voting delegate for Western United Electric and Director Garvey as the Alternate. Director Justis seconded the motion. The motion was voted on and carried.

C. Tri-State – Jack Sibold

Manager Ritter reported he received an email notification that SMPA's 2014 capital credit allocation is \$833,691.

Director Sibold shared a Tri-State power point presentation that was used for TSGT strategic planning and to communicate the complexities that are faced with resource planning. Slides were viewed that displayed member load obligations and current generation assets, member generation, and purchases through Basin and WAPA. Each TSGT resource was defined by resource, capacity, and expected life span.

12. NEXT MEETING

Directors choose to hold their February meeting on Tuesday, February 24, 2015 in Ridgway beginning at 9:30 a.m.

The meeting was adjourned.



Dave Alexander, Secretary/Treasurer