

### **CALL TO ORDER**

President Felicelli called the meeting of the San Miguel Power Association Board of Directors to order at 9:40 a.m. All Directors except Dave Alexander were present. (Note: Dave Alexander joined the meeting at 9:45 a.m.) Everyone thanked Doylene for baking cinnamon rolls and muffins!

### **APPROVAL OF CONSENT AGENDA**

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

### **MEMBER OR CONSUMER COMMENT**

Director Rhoades reported he received six calls concerning the power outage in Silverton and how much they appreciated Jeff Shea taking care of it. Director Felicelli stated that Jim, Jeremy, Brad, Bill, Bob, Jack, and he attended both the County Commissioner and the Mountain Village Town Meeting last Wednesday. He received many positive comments on SMPA attending the meetings, the information provided and for being on-top of the February outage and the continued commitment to resolve the issue.

GM Link stated there is an update on the Reliability Project in Bill Riley's engineering report later in the meeting, but at this time he wanted to also express his appreciation to Sam, Jon, Bart, Mark, Scott and Jonathon for their efforts regarding the February outage; and also to Brad for his efforts in going around town and providing information to everyone. He further extended thanks to Paul Enstrom for being the "couch communicator" when cell phones presented a glitch – it was a team effort. GM Link commented that SMPA and the Sheriff's office have a good relationship and work together during these situations and will continue to work with them; however, SMPA's resources, in a big event, must be utilized to get the power back on for all consumers as soon as possible: SMPA cannot divert resources to individual businesses or customers during a big outage. GM Link asked the Board and Managers to keep him in the loop if they are confronted regarding equipment use. Business owners and consumers may need to consider having their own backup generators. The Engineering and Operations departments are also working on redundants: GM Link will keep the Board in the loop on that, it will be next construction season. Customer-wise, Manager Reams has received insurance questions and those calls are being directed to the insurance company. Manager Reams interjected the claims would most likely be denied.

Director Cokes reported that Tri-County Water is working on a maintenance contract with Riverside. There are parts in the contract they are unable to do and they will reach out to SMPA. Manager Oliver has not been contacted as of yet, but he believes it may have something to do with isolation of the system. GM Link will get with Bill and Jeremy to see if they have been contacted. Bill is not at today's meeting because he is attending a conference. Director Cokes believes the turbine warranties will come to an end soon.

Director Cokes also reported that John Metcalf, owner of Burro Net, owns the Independence Building in Ridgway and he wants to install servers in the building. He wants to develop a company that bypasses credit card companies. The nature of his request is two-fold: 1.) would this be an opportunity for SMPA to think about Fiber Optics since we are burying lines. 2.) are the 12 fiber optic lines in Ridgway all spoken for. Director Cokes hooked him up with Terry last year to find the location of the fiber optics in

Town: Director Cokes will type these questions and send them to GM Link. GM Link added that fiber optics is a hot topic spurred on by the highway expansion. Manager Oliver remarked that SMPA is not putting in Fiber Optics, but if the City was considering Fiber Optics, SMPA could install conduit.

Manager Oliver and Director Felicelli praised Jeremy Fox for rebuilding a positive relationship with Ridgway.

Next, Director Cokes reported on Clean Energy (ROCC) – truly, Wiley is a great asset at these meetings. People want to do more with Green Blocks; Wiley is waiting for a list of names from Dave. Schools are conducting a survey on lighting. Clean Energy wrote letter to FERC. And, they want to help with the water treatment plant. Director Cokes asked if SMPA can help with energy efficiency at the wastewater treatment plant.

Director Sibold reported on the CREA meeting he attended discussing rate increases. Director Felicelli responded that is a delicate situation with economic consequences.

#### **CEO REPORT**

##### **Introduction of Employees and Guests**

Lee Geddings addressed the Board regarding lighting for the BMX track and Strider Riders. He needs lights put up by June 3<sup>rd</sup>. Lights would be utilized five to six hours per week. Mr. Geddings believes the Town of Naturita has agreed to pay the lighting and water bills for the track at least for the first year. GM Link stated he will follow up with the Town to verify if they require one or two meters and also if existing lights can be rotated. Existing lights were donated by SMPA for baseball; however, there has not been night baseball for a few years now. Mr. Geddings also inquired if SMPA has a mobile light unit that can be utilized by Strider Riders Friday nights during April and May: GM Link will get back to Mr. Geddings on that request as well. Last month the Board approved \$1,000 to Strider Rider to install lights. For now, that check request is on hold.

Duane Oliver introduced new employee Dustin Smuin. Dustin began on March 14<sup>th</sup> as Senior Mechanic replacing Gary Crawford who will be retiring soon. Dustin's previous employment was in the oil fields and the past 11 years he worked as Maintenance Supervisor for Reams Construction. He attended Mesa State College before he decided to enroll in a diesel tech school. Dustin added that he is very excited to be employed with San Miguel Power and commented that SMPA has nice equipment and it needs to be maintained. Manager Oliver stated that Dustin will primarily work out of the Nucla shop, but will be splitting his time at the other shops as needed.

##### **Board Donations**

Director Felicelli donated \$100 of his director funds to the Cardboard Derby. Director Cokes donated \$200 of her director funds to the Ouray Trail Group.

GM Link introduced Tom Loczy. Tom is planning on running for District 1.

### **Corporate Donations**

Brad Zaporski informed the Board on the after-school-program request submitted by the Voyager Youth Program. They meet all the criteria and they are a county-wide program.

Director Garvey motioned to authorize a corporate donation of \$1,000 to the Voyager Youth Program. Director Cokes seconded. The motion was voted on and passed unanimously.

### **Finance**

Manager Rutherford's financial reports were included in the Board's packet. It was noted that TELSki was substantially lower in 2016 compared to 2015. Cal commented it possibly is due to snow making changes. Cal stated that also it depends on when meters are read.

Cal reminded the Board that assets were transferred to Tri-State. In February, SMPA received \$2.8 M; \$2.6M remain in the Construction Fund temporarily. Net sales taxes and property taxes will also be expended from the \$2.8M.

Manager Rutherford updated the Board that Josh Hainey was selected as the Staff Accountant. The Board noted the title change from Senior Accountant to Staff Accountant. Manager Reams interjected she has received 13 applications for the Accounts Payable Accountant position. The person selected will train with Sherry before she retires on May 1. Carla is planning a retirement dinner for Sherry Spor (28 years of service) and Gary Crawford (17 years of service) at the 5<sup>th</sup> Avenue Grill, tentatively on April 28<sup>th</sup>. She will send out invitations soon.

Director Sibold and Director Cokes both reported problems with viewing charts that are sent to them sideways; and Director Cokes asked to have Titles on the Reports. She also asked the Board to consider eliminating financial reports which are not consistently needed. Cal will look into the concerns. Carla suggested Cal send the financial file separate from the scanned Board packet. At this time, there was not a consensus on eliminating any reports.

### **Marketing & Member Services**

#### **Tucker Request for Additional Solar Capacity**

Manager Zaporski's report was included in the Board's packet. Manager Zaporski expressed Mr. Tucker's request to exceed the 10kW capacity limit for residential solar. The Board, at length, discussed the background regarding this request. As reported by Brad, based on 2015 data, Mr. Tucker's goal of 100% offset is short by 9,900 kWh. A seven kW solar system should provide the additional needed offset. This request needs Board approval to go over the legislative limits. The Board has already approved 9.8; then 12.5. Mr. Tucker is a year-round resident; nothing has been paid out to him: Potential problem if he sold the house to a part-time resident. Wiley stated that Mr. Tucker has taken several steps on efficiency; he could do some more on the lighting. His Geothermal system is not large enough to keep up with the load on that type of home. He is not going to do anymore with Geothermal; he hopes to improve situation with solar. Mr. Tucker has revamped the stock tank. Brad reminded the Board that about 6 to 7 years ago SMPA worked with him on Demand Mitigation plans. To summarize, Director Felicelli stated he is inclined to approve the request because SMPA does promote renewables, but nonetheless, according to GM Link, efficiency requirements should be a condition for the approval.

It was moved by Director Justis, seconded by Director Sibold to approve Mr. Tucker's request to exceed the 10 kW capacity limit for residential solar to bring him up to 100% with conditions that reasonable efficiency measures are taken. The motion was voted on and passed unanimously.

### **Third Party Solar Net Metering Request**

Manager Zaporski presented two more solar issues. Elk Meadows HOA would like to use their rebates to go for certain installations to offset 100%. Custom Solar, a firm in Boulder, CO, offering to help Elk Meadows HOA leverage the federal solar tax credit by employing a 3<sup>rd</sup> party finance option for the installation of 20kW. If approved, Custom Solar will own the system for the first 6 years, then transfer ownership to the HOA. This would allow Custom Solar to leverage the tax credit on behalf of the HOA, who would see a reduction in the price paid for the solar system.

### **Break/Resume**

At 10:55 a.m., the Board took a short break. The meeting resumed at 11:05 a.m.

SMPA's Renewable Energy Rebate Policy states, "A third party lease in which the member does not own the system, or have an ownership interest, does not qualify for SMPA rebates. The proposed installation at Elk Meadows is for three separate systems that will total 20kW. This is based off of electrical history and has been sized to offset 100% of their electrical needs. The HMO informed SMPA that they plan to expand the PV system in the future, based on the number of new residents they receive over the next few years. As of now, they only plan to install 20kW. This is a very small system for Custom Solar to build as a financed system, however, they are committed to help people go solar.

The Board, GM Link and Managers presented further discussion and consideration on: promoting renewables; SMPA in business to provide power; rebates going outside of system; creative financing for renewables; revising or deleting the rebate policy; amount of rebate; rebates in escrow; access charge; bad debt; part-time/full-time members; explore to see if SMPA can do better – SMPA be the provider.

Director Alexander motioned to deny request for 3<sup>rd</sup> Party Finance Option and to make no changes to the rebate policy: Owner is eligible for rebate. Seconded by Director Garvey.

Discussion: Director Rhoades questioned if they could come back with an attorney: Attorney Link stated they are not required to do that. Director Justis suggested revisiting the proposal of SMPA doing it ourselves before acting on this. Director Garvey commented that we are just following policy. GM Link added if motion was not made and no action taken, the Board would still be following policy.

The motion was voted on and passed with four favorable aye votes and three nay votes from Director Felicelli, Director Justis, and Director Sibold.

Dave Alexander requested a feasibility study on SMPA being the provider on this type of request.

Manager Zaporski brought up an "educational issue" on term Retail Wheeling also known as net metering off sight or virtual net metering. He expects future requests for retail net metering. SMPA has been consistent to not allow; however, there is nothing on the table right now: SMPA would look at it on a case by case basis.

### **Lunch Break/Reconvene**

The Board recessed for lunch at Noon. At 1:15 p.m., the Board reconvened.

### **I.Q. Solar – Coop Solar**

Manager Zaporski updated the Board on contacts he made regarding this issue and moving the solar project to net 0 (PPA agreement); everyone is in agreement.

GM Link stated there are two funding sources: 1) Unclaimed Capital Credit; and, 2) Personnel Savings this Budget Year.

Director Felicelli loves the idea of offset energy uses by renewables. Credits from 75kW funding sources are unclaimed capital credits and personnel savings this year.

It was moved by Director Alexander to bill out the other 75kW funding sources dedicated towards Telluride. Seconded by Director Justis. It was voted on and passed unanimously.

### **I.Q. Solar 115 Contract**

Resolution:

Upon motion duly made by Director Garvey, seconded by Director Alexander and carried, it was RESOLVED: That San Miguel Power Association, Inc. will sign the I.Q. Solar 115 Contract with Tri-State.

### **Information Technology**

GM Link informed the Board that Susan McNamee's company is able to deal with DELL wholesale; she saved SMPA \$3,000 on licensing fees with TWAC. Nonetheless, GM Link stated that IT needs a budget override in the amount of \$17,000. This additional expense is for more computer ports due to remodeling the Nucla facility; replacing Dave Kelly's stand- alone printer; replacing Sherry Spor's very slow laptop (\$2,500); and a laptop, printer and scanner (\$500) for Dustin Smuin: he will be able to plug this laptop into vehicles to diagnosis problems.

Resolution:

Upon motion duly made by Director Alexander, seconded by Director Cokes and carried, it was RESOLVED: That IT's request for a Budget Override in the amount of \$17,000 is approved.

### **Administration & Human Resources**

Manager Reams' report was included in the Board's packet. Carla had no further updates at this time.

### **Engineering**

Manager Riley's report was included in the Board's packet. Bill is attending an ACLARA conference this week. GM Link briefly spoke about the Telluride Reliability Project. Dave Kelly is working with Dave Rightly on long range planning as well as a 4-Year Plan. Jeremy Fox is working with Tammy Magallon on work order close-outs.

### **Operations**

Manager Oliver's report was also included in the Board's packet. Having the work order close-outs will be great. It will allow things to get cleaned up. Dustin in the shop will be an asset. Duane is happy with the progress being made. The crew has done an outstanding job with the Ridgway yard. Carla added that the engineer is drawing up plans for the 3<sup>rd</sup> Bay. Duane advised in mid-April he and Jim will look at updating systems and rotating through municipalities once a year.

### **\$10 Bill Credit to Members Attending Annual Meeting**

The bill credit seems to be appreciated by the membership that attends. SMPA hats will also be given out that evening. Director Rube directed to award televisions SMPA has in storage as prize give-a-ways.

Upon motion duly made by Director Garvey, seconded by Dave Alexander and carried, it was

RESOLVED:     1. That SMPA will continue with the \$10 Bill Credit to attending members.  
                  2. That SMPA will give out SMPA Hats.  
                  3. That SMPA will have prize give-a-ways.

### **Annual Meeting Theme**

Alex Shelley presented four Annual Meeting Theme Concepts. General consensus was: Our Bottom Line is You.

### **Addendums**

Two resolutions were presented to the Board for action authorizing Jim Link, General Manager to sign R.U.S. forms 674's and 675's (Certificates of Authority), and to rescind previously executed R.U.S. forms 674's and 675's. Copies of Resolutions are attached.

Director Alexander motioned to approve the two Resolutions presented authorizing Jim Link, General manager to sign R.U.S. forms 674's and 675's (Certificate of Authority), and to rescind previously executed R.U.S. forms 674's and 675's. Director Garvey seconded and the motion was voted on and passed unanimously.

### **Attorney's Report**

Next month, Jim Link, will be asking for a Safety Compliance Budget Override. Jim further reported that he is happy with what Paul Enstrom is doing.

### **Break/Executive Session/Resume**

The Board took a short break at 1:45 p.m. When the meeting resumed at 1:50 p.m., the Board and GM Link went into Executive Session for Personnel Matters. At 2:10 p.m., GM Link came out of executive session. At 2:15 p.m., the Board came out of Executive Session and the meeting resumed; no decisions were made or votes taken.

GM Link believes the Ridgway office should be on a Monday thru Thursday work week; the same as the Nucla office. The crews then would all be on the same schedule and travel between the offices would be more efficient. On Fridays, DMEA dispatch could be utilized to pay bills, etc. One exception would be bill pay arrangements – the consumer would need to contact a SMPA office Monday through Thursday. GM Link informed the Board that he did a study on Friday activities at the Ridgway Office and

found it to be a very low phone volume day, and only 1 to 3 customer walk-ins. He experienced more complaints about the Ridgway office not being open on Monday rather than Friday. GM Link asked the board to allow a consistent Monday thru Thursday, 10-hour work day at all SMPA locations. The Board agreed.

#### **Policy Review**

##### **A. 8.08 Equity Management Policy**

Discussion: Brad Zaporski voiced concern he has on capital credits. Director Justis cited a general ethic problem with the policy. He perceives it to be risky. Director Sibold and Director Cokes deem the same perception. Director Justis believes it to be in the best interest of the coop and its members to have higher equity and less debt. GM Link affirmed that SMPA must pay capital credits: the Coop could lose exempt status if it does not pay capital credits. To off-set debt the Coop needs to raise rates, there has not been a rate increase in four years: a rate increase is needed next year. Brad also expressed that option 2 under General Retirement should be considered. The general consensus was to have the Finance Department review this policy in the future; no changes were made at this time.

Director Garvey made a motion to approve policy 8.08 Equity Management. Director Alexander seconded. The motion was passed unanimously.

##### **B. 8.09 Energy Efficiency Credits (EEC) Rebates**

Director Garvey made a motion to approve policy 8.09 Energy Efficiency Credits (EEC) Rebates. Director Alexander seconded. The motion was passed unanimously.

##### **C. 9.00 Energy Conservation**

Director Garvey made a motion to approve policy 9.00 Energy Conservation. Director Alexander seconded. The motion was passed unanimously.

#### **Associated Meeting Reports**

A. CREA – Dave Alexander stated he attended the CREA meeting last month: CREA passed all resolutions. The May meeting is on Strategic Planning and will be held in Gunnison. CREA is seeking Board direction. Dave further stated he will not be able to attend the meeting tomorrow or the next day and asked if someone would like to go in his place.

B. Western United – Dave Alexander affirmed Western United is doing well; not as busy as last year, but they do have a lot of projects. The New Mexico building is ahead of schedule and they hope to be in it by mid-year.

C. Tri-State – Jack Sibold recounted information by a slide-show presentation on Low Commodity Price Impact; Renewable Integration; and Complete Portfolios. Director Sibold added that Tri-State has a 156,000 pound mobile station; proves to be a weight limit problem. The next slide-show referenced Coal Prices; Crude Oil Prices; Natural Gas Prices; and Power Market Price. The last slide-show was on 2014 Member Load by Type.

D. Eco-Action Partners – Jack Sibold reported there was not a meeting.

**Strategic Planning**

Director Felicelli requested information to follow-up on goals. Director Cokes will get information to him. Director Felicelli suggested touring NREL at the NCREA September meeting.

**Board Travel**

**Miscellaneous**

**Board Calendar Review**

Director Cokes asked to reschedule the Tuesday, October 25, 2016 Board Meeting to Wednesday, October 26, 2016. GM Link suggested delaying a decision until the next board meeting. Carla and Cookie will have an updated calendar for the Board and also have hunting season information available.

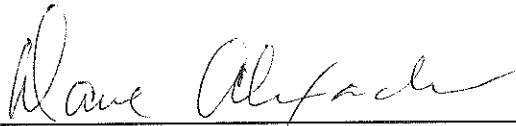
**Next Meeting**

Tuesday, April 26, 2016 in Ridgway; 9:30 a.m.

**Adjourn**

Resolution:

Upon motion duly made by Director Alexander, seconded by Director Rhoades and carried it was RESOLVED: That at 3:08 p.m., this meeting is adjourned.



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Dave Alexander, Secretary/Treasurer