

#### **1. CALL TO ORDER**

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

#### **2. APPROVAL OF CONSENT AGENDA**

Director Garvey motioned to approve the revised agenda. Director Alexander seconded. The motion was voted on and carried. Director Rhoades motioned to approve the June meeting minutes. Director Alexander seconded. The motion was voted on and carried. Director Garvey motioned to approve the re-ratifications made at the last meeting. Director Alexander seconded. The motion was voted on and carried.

#### **3. MEMBER OR CONSUMER COMMENTS**

##### **VFW Thank You**

Jack Lee and Terry Daniels of VFW Post 9058 presented a certificate of appreciation to Director Garvey thanking her for her generosity, hard work and public outreach during events such as Water Days and representation of District 1. They also presented SMPA with a certificate of appreciation for the donation for the sound system for funerals and parades.

##### **Aggregate Metering Request**

Robert Blakney, manager of Lizard Head Wilderness Ranch, informed the board that the ranch would like to request aggregate metering for a single, large Solar PV installation for two homes with a plan for a third and possibly for cabins that are on the ranch. SMPA policy currently does not allow for this. There was discussion regarding logistics of meters and the solar installation, billing software that is not set up for this, extra administrative duties that would require "by hand" billing, and ensuring that the extra administrative costs be covered by entities wanting aggregate metering. According to Blakney, the ranch probably would not proceed with three separate Solar PV projects if SMPA cannot accommodate the aggregate metering request.

##### **Emma Gould- Washington DC Youth Tour Recipient**

Manager Reams chaperoned the annual youth tour, and SMPA sponsored Ridgway student, Emma Gould. Emma thanked SMPA with a presentation of pictures and information she gathered during the tour.

President Felicelli commended SMPA crews for their quick response to the brief power outage on Sunday of the Ride Festival.

#### **4. CEO REPORT**

##### **Introduction of Employee Guests**

Scott Reed, Substation Tech, was introduced to the board. He is over 18 substations. He worked for SMPA, left to train with Mike Dean, and then returned to SMPA. Manager Zaporski thanked Scott for his work on the West End Reliability Project.

### **Employee Recognition Nomination**

Manager Zaporski thanked Manager Reams with an employee recognition award for cost-savings to the coop. Manager Reams has been doing the work previously done by three employees, as well as overseeing the facilities projects that SMPA has had going on. Manager Reams was awarded 1/2 of the cost of hotel accommodations in Cheyenne, WY while she attended Cheyenne Frontier Days.

Manager Zaporski thanked General Counsel Jim Link for his time as interim General Manager and presented him with a framed picture.

### **Corporate Donations**

The board reviewed the following donation applications:

a) West End Public Schools—3D Printer:

Director Garvey spoke with the superintendent who explained that the funds would be used to help implement a new hands-on curriculum in the school district. Director Garvey motioned to approve the donation of \$1000 to West End Public Schools for a 3D printer for the high school. Director Rhoades seconded. The motion was voted on and carried.

b) Mountains to Desert (M2D):

President Felicelli reminded the board that the Carstens Foundation matches all donations made to the ride which benefits the Just for Kids Foundation. Director Justis motioned to approve the donation of \$500 to the Mountains to the Desert Bike Ride. Director Sibold seconded. The motion was voted on and carried.

c) Fortuna Tierra:

Alex Shelley explained that last year SMPA donated \$100 to Fortuna Tierra, an organization that primarily uses funds to provide scholarships to Ridgway graduates. Director Cokes motioned to approve the donation of \$200 to Fortuna Tierra. Director Garvey seconded. The motion was voted on and carried.

d) West End Trail Alliance (WETA):

Director Garvey explained that WETA is requesting funds to provide printed maps for the bike trails which are located in an area with very limited cell service. Director Sibold motioned to approve the donation of \$500 to West End Trail Alliance (WETA) for digital and printed mapping of area trails. Director Rhoades seconded. The motion was voted on and carried.

### **Board Donations**

none

### **Finance**

#### **New Financial Report**

Manager Rutherford presented the new financial report. He and Manager Zaporski reviewed the list from the board that showed which reports they no longer wanted to see and reports they did want to receive each month, and they created a new financial report and asked for the board members' feedback. Director Sibold would like to see an expanded narrative. President Felicelli would like to see the pie chart with the expense break downs. Director Garvey would like to see the write-offs report annually. There was a discussion regarding the key load report. Manager Rutherford explained that he cannot create the monthly financials

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until after he receives the power bill from Tri-State Generation and Transmission which he receives around the 15<sup>th</sup> of the month. Manager Zavorski explained that Joshua and Kelly will be trained to help create and review the financial reports.

**Approval of 2015 Audit**

Director Justis motioned to approve the 2015 Audit. Director Cokes seconded. The motion was voted on and carried.

**Rate Discussion**

Manager Zavorski explained that SMPA has July and August to look at information and continue conversations. Tri-State Generation and Transmission (TSGT) has traditionally voted in September for rates effective January 1<sup>st</sup>. September is the final month for data review and discussion for SMPA rates. SMPA needs final TSGT rates prior to finalizing SMPA rates. The motion to approve a proposed rate increase will need to occur in October with a rate hearing/public comment at the November or December board meeting. Final approval is needed in December for a January 1st effective date.

The following rate proposals were reviewed and discussed: all to energy/use charge, equal increases to access and energy charge, and increase in access charges and decrease in energy/use charge. Director Justis requested the board receive access to the presentation that the staff will give to members in the community before the public meetings, and Manager Zavorski agreed. President Felicelli reminded the board that the public will want to be assured that SMPA is tightening expenses and not just raising rates. Managers Zavorski and Riley explained load factor, demand charges, energy charges, and time of day/use rates. Manager Zavorski assured the board that the staff is confident in the rate study and looking to the board for guidance as membership representatives.

Rate communication plan: August's member newsletter (also available on the website) includes an explanation of access charges. The following month's newsletter will include a story on the need to have a rate increase due to a supplier rate increase. Last time SMPA had a rate increase, the company held town hall-style meetings with questions and answers. Manager Zavorski explained that last time the biggest concern addressed was that the access charge could negatively affect those who have added energy-efficiency and renewable energy installations.

**Resolution approving RUS Forms 674 & 675**

Director Rhoades motioned to approve the resolution to update RUS Forms 674 & 675 to allow Manager Zavorski to sign the annual Form 7 and to apply for RUS loans on behalf of SMPA. Director Alexander seconded. The motion was voted on and carried.

**Marketing & Member Services**

**Welcome new MS manager, Wiley Freeman**

The board and Manager Zavorski welcomed Manager Freeman as the new Member Services Manager.

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**Oversized residential net metering system request**

SMPA has received a request for an almost 23 kw system to offset. Board approval is needed for residential systems over 10kw. Director Sibold motioned to approve Wendy and Tom Sisslers net metering system. Director Cokes seconded. The motion was voted on and carried.

**Update on SMPA IQ solar program**

Manager Freeman reported that there is very strong support from San Miguel County for the SMPA IQ Solar project at the retired Norwood landfill. Approval from the Colorado Dept. of Public Health and Environment (CDPHE) is still needed. The state wants to review engineering of the storm water drainage before approving the permit. Two sites in Ouray county have been identified as alternate sites if approval is not received for the Norwood site.

**Information and Technology**

**Update on re-wire of facilities**

The complete rewire of the Telluride office and move into the server room with air conditioning is complete. Nucla is currently being updated. A PRI line is also being added in Nucla to improve phone service. Manager Zaporski explained that it is crucial to update and maintain servers, air conditioning, security, and to remain operational during an outage.

**Administration & Human Resources**

**Ridgway Shop Expansion Update**

Staff recommends further research and waiting until next year to put in the bay expansion. The wash bay is moving forward this year.

**HVAC update and explanation of recent issues and resolutions**

This was covered under the update on re-wire of facilities.

**Approval of Harassment Policy**

Director Garvey motioned to approve the Harassment Policy. Director Sibold seconded. The motion was voted on and carried.

**Approval of Indemnification Policy**

Director Garvey motioned to approve the Indemnification Policy. Director Alexander seconded. The motion was voted on and carried.

**Approval of Non-Discrimination Policy**

Director Sibold motioned to approve the Non-Discrimination Policy. Director Cokes seconded. The motion was voted on and carried.

**Engineering**

**Telluride/Mt. Village Reliability Project update**

There were no updates from the written board report.

**Distributed Energy Strategies Proposal for Red Mountain Sub-Station**

Distributed Energy Strategies is a business offering an analysis in removing loads off of systems. SMPA does not need to hire a contractor for this type of service at this time.

**Operations**

Manager Oliver informed the board that Coventry Hill construction is complete.

### **Vegetation Management**

Paul Enstrom, SMPA Safety/Regulatory Compliance Coordinator, presented the board with a photo slideshow and information on the tree trimming that is needed in SMPA right-of-ways including areas with no access for the lift truck that require a climbing crew. SMPA's goal is a 3-year growth cutback and we will be working on establishing this.

### **5. ATTORNEY'S REPORT**

Director Garvey made a motion at 2:08 PM to enter into executive session to discuss personnel, contracts, and policy. Director Sibold seconded. The motion was voted on and carried. The board entered into executive session at 2:08 PM and came out at 2:42 PM. While in executive session no decisions were made nor votes taken.

Director Alexander made a motion to approve Manager Brad Zaporski's contract as discussed with counsel. Director Justis seconded. The motion was voted on and carried.

### **6. STRATEGIC PLANNING**

#### **QF's and DMEAS Policy 316 Informal Complaint**

DMEA is going ahead with Drop 5 and will test how TSGT will react to QF's. QF's have to be allowed on our system per Federal regulation. SMPA's current posted rate is our avoided cost of energy. There was discussion regarding FERC. Manager Zaporski recommended no change, continuing to study, and waiting to see what happens with DMEA.

#### **CoBank Sharing Success Program and Rural Economic Development**

Directors Cokes, Garvey, Justis and Rhoades are on the committee. The money (\$10,000) is available to be awarded. It will be held by the Montrose Foundation for a 1% fee per quarter for the year. The board will ask Sarah at the Montrose Foundation if the funds have to be awarded for a charitable cause/project.

### **7. ASSOCIATED MEETING REPORTS**

CREA – Dave Alexander

There was not a CREA meeting this month.

Western United –Dave Alexander

There was not a meeting this month, but the annual fish fry is August 25<sup>th</sup>.

Tri-State – Jack Sibold

Director Sibold was not able to attend the July meeting, but he reviewed the presentations and reports.

Eco Action Partners – Jack Sibold

There was not a meeting this month.

### **8. BOARD TRAVEL**

The CREA Energy Innovations Summit is September 11<sup>th</sup> and 12<sup>th</sup> in downtown Denver. The plan is to arrive in Denver on Saturday the 10<sup>th</sup> and to leave on Tuesday the 13<sup>th</sup>. Manager Zaporski, President Felicelli, and Directors Sibold, Justis, Cokes and Alexander plan to attend.

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The annual company picnic is at Buckeye reservoir on Saturday August 13<sup>th</sup>. Directors Sibold, Alexander, Felicelli, and Garvey plan to attend.

**9. MISCELLANEOUS**

**SMPA Board-Election of Officers**

Director Alexander motioned to leave the board as is with no change in officers. Director Rhoades seconded. The motion was voted on and carried.

**10. BOARD CALENDAR REVIEW**

The company picnic is August 13<sup>th</sup>. The August meeting is on the 30<sup>th</sup> in Silverton at 9:30 am, and the October meeting is on October 31<sup>st</sup>.

**11. NEXT MEETING**

The next board meeting will be held on Tuesday, August 30, 2016 in Silverton at the Kindle Mountain Ranch.

**12. ADJOURN**

Director Rhoades made a motion to adjourn the meeting at 3:26 PM. Director Cokes seconded. The motion was voted on and carried.

  
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Dave Alexander, Secretary/Treasurer