

1. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors' regular meeting to order at 9:04 AM. The meeting was held in person at the Nucla office location and via Zoom Video/Teleconference. Director Felicelli, Director Brown and Director Rhoades attended via Zoom Video/Teleconference, and Director Garvey, Director Cokes, Director Alexander and Director Cooney attended in-person at the Nucla office location.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (March 29, 2022) and the February 23, 2022 meeting minutes. Director Alexander seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Rhoades informed the Board he had received comments from the Silverton School regarding the Red Mountain road closure schedule and how it will impact students' schedules when traveling over Red Mountain to Ouray for school activities.
- Director Cooney reported receiving inquiries about SMPA's future rate structure and if SMPA will be considering specific rates to help encourage beneficial electrification items such as electric heat pumps.
- Director Cokes stated she had received feedback from a member expressing their belief that the future of the electric industry is going to be primarily focused on beneficial electrification initiatives.
- Director Felicelli reported he had communicated with a member inquiring about the safety and security of the SMPA's grid.
- Director Brown advised he had received comments from members expressing excitement about SMPA's efforts to pursue a Partial Requirements Contract (PRC) with Tri-State.
- A member participating virtually expressed their appreciation for SMPA's actions to pursue a PRC with Tri-State.

4. STRATEGIC PLANNING UPDATE

Identify and prioritize reliability and resiliency risks and issues. Initial focus shall be on fire mitigation. - Jeremy Fox

Manager Fox provided a brief status update on the initiatives formulated to help achieve the objective of prioritizing reliability and resiliency risk with an initial focus on fire mitigation. The initiatives include developing a vegetation management plan, a comprehensive wildland fire mitigation plan, a detailed system hardening plan and the Red Mountain Project. Mr. Fox provided a brief status update on each initiative and highlighted the Wildland Fire Mitigation Plan's progress, noting a documented plan is in the final draft stages and nearing completion.

Continue to improve SMPA's overall safety and work culture. – Darcy Weimer and Danielle Rodriguez.
Darcy Weimer, Safety and Regulatory Compliance Coordinator reviewed the five initiatives designed to improve SMPA's overall safety and work culture; a focus on enhancing safety training, methods to promote safety, evaluation of policy/procedures, an emphasis on workplace culture, and designing new safety programs. Mrs. Weimer highlighted training that has been completed and workplace culture initiatives that have been implemented in the past 18 months. Mrs. Weimer also discussed upcoming trainings and programs that are scheduled to help further engage the employee groups' focus on safety.

5. CEO REPORT

CEO. Items

Power Supply Update

Manager Zaporski reported that the Federal Energy Regulatory Commission (FERC) is still reviewing the Contract Termination Payment (CTP) methodology case and the reserved issues held over from the stated rate case, noting the judge is slated to make a decision by May 30th, and at the time there will be an option to appeal. Manager Zaporski advised the final decision on reserve issue #2, regarding the direct assignment of transmission could have a significant impact on SMPA. Manager Zaporski informed the Board that historically, the transmission rate has been socialized amongst the Tri-State membership. However, if the judge decides on the direct assignment of transmission costs, in that case, SMPA will experience a significant increase in transmission rate as it relates to loads served via radial transmission lines. Manager Zaporski explained that radial transmission lines spur off the main transmission line to serve a specific load, noting that due to SMPA's remote location, about 60% of SMPA's load is served by radial transmission. Manager Zaporski stated FERC is also reviewing the Buy Down Payment (BDP) methodology case; this is how much cooperatives would need to pay to move to a partial requirements contract with Tri-State. Manager Zaporski stated he strives to share as much information as possible while adhering to confidentiality agreements.

Manager Zaporski reported that following an extensive review of proposals submitted in response to the SMPA's Request for Proposal (RFP) released in May of 2020 for alternative power supply, staff recommends moving forward with a specific firm. For reasons of pricing, financing ability, experience, as well as background and reference checks performed by staff, corporate attorney and consultants, the staff's recommendation is to move forward with Guzman Energy as the firm to continue to work with regarding alternative power supply. Manager Zaporski stated that this does not finalize the process of moving to a PRC and/or contracting for an alternative power supply with Guzman but is a necessary next step to continue working towards a PRC with Tri-State and contracting with Guzman Energy as an alternate power supplier. Manager Zaporski noted key data points are still missing for a thorough analysis, and those data points will be defined when the FERC decisions are finalized.

Authorization for staff to work towards Partial Requirements Contract (PRC) with Tri-State.

Director Brown motioned to recuse Director Cooney from voting on items related to Power Supply due to conflict with his role as Tri-State director. Director Rhoades seconded. The motion was voted and carried.

Director Brown motioned for staff to work towards Partial Requirements Contract (PRC) with Tri-State. Director Rhoades seconded. Following discussion, the motion was voted and carried. Director Cooney abstained from voting.

Authorization for staff to work towards PRC with one specific firm chosen from the respondents to the Power Supply Request for Proposal (RFP) released on 05/15/2020.

Director Brown motioned for staff to work towards Partial Requirements Contract (PRC) with Guzman Energy, the firm selected from the respondents to the power supply RFP released on 05/15/20. Director Alexander seconded. Following discussion, the motion was voted and carried. Director Cooney abstained from voting.

Legislative Update

Manager Zaporski communicated that there if the proposed microgrid legislation passes, funds will be made available to cooperatives to support microgrid projects to improve resiliency in rural areas. Manager Zaporski reported that there are two newly commissioned microgrid projects in SMPA's service territory. He was able to

present an overview of the projects to the CREA Managers group and several state representatives that were in attendance at the meeting.

Director Cokes advised the Board that several items on the Govoners Air Quality Bill may have a direct or indirect impact on cooperatives.

COVID-19 Discussion

Manager Zaporski informed the Board that low-level COVID19 protocols are in effect, and SMPA continues to communicate the importance of sanitization, social distancing and for staff to be prepared to increase safety measures if it becomes necessary.

Introduction of Employee Guests

Phil Zimmer, Energy Services Executive; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Staff Accountant; Joshua Hainey, Senior Staff Accountant; Alex Shelly, Communications Executive; and Danielle Rodriguez, Human Resource and Administration Coordinator, were also in attendance at the meeting virtually or in-person.

Manager Zaporski introduced Greg Baker, SMPA's new Substation Technician, noting that Mr. Baker has nearly twenty years of working with Tri-State Generation and Transmission and is familiar with SMPA's service territory. Mr. Baker informed the Board that he enjoys ranching, camping, hunting and dirt biking and is looking forward to meeting everyone.

Manager Tea reviewed SMPA's employee recognition program, where the employees can recognize their peers. Following a brief overview of program guidelines and the committee review process, Mr. Tea advised the Board of an award to be presented. Darcy Weimer, Safety and Regulatory Compliance Coordinator, was recognized for her Community Involvement. Mrs. Weimer is involved in a plethora of community organizations, including being a 4-H leader and organizing fundraisers for families in need.

Community Focus Donations

The next donation review is scheduled for April 2022.

Board Donations

Director Cooney donated \$100 to Koto Radio.

Finance Update

Year-End Audit Status Update

Manager Lehigh reported that the year-end audit is nearing completion, and the auditors will present the report at the April Board of Directors Meeting.

Financial Review

Manager Lehigh provided an analysis of cash flow over the past two years, explaining the calculated funding strategy of cash influx through loans to prepare for 2021 expenses associated with deliberate and aggressive system hardening upgrades plans.

Manager Lehigh reviewed the financial report, noting that cash flow is rebounding nicely and operating TIERS remain strong.

RUS Loan Draw

Manager Lehigh advised the Board that staff are in the process of obtaining the remaining loan funds from the Rural Utility Service (RUS).

Marketing & Member Services

Communications Executive, Alex Shelly reported that the member service team is focusing on member engagement and education through developing a body of knowledge to share with members regarding the clean energy future and working closely with members to discuss beneficial electrification. Mr. Shelly advised that Districts 3 and 6 are up for election; packets must be submitted by April 7, 2022.

Information

Manager Tea reviewed his report, highlighting that the cooperative from Kanab, UT, will come to SMPA offices for a site visit to review our GIS, Staking and Operation Analytics (OA) system configurations.

Administration & Human Resources

Danielle Rodriguez, Human Resource and Administration Coordinator reported that there are three open positions, noting that availability and affordability of housing continue to be a challenge in recruiting. Manager Zaporski noted other cooperatives have formed a housing committee comprised of Board members and staff to discuss possible ideas to help address housing challenges.

The Board reviewed Policy 205 Local Purchase Policy. Director Garvey motioned to approve Policy 205 Local Purchase Policy as presented. Director Rhoades seconded. The motion was voted and carried.

The Board reviewed Policy 206 Purchase of Automobile or Heavy Equipment. Director Garvey motioned to approve Policy 206 Purchase of Automobile or Heavy Equipment as presented. Director Rhoades seconded. The motion was voted and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting that staff has been immersed in middle-mile fiber negotiations and trying to stay in front of supply chain issues when possible, noting a nationwide shortage of transformers and underground switchgear. Manager Fox communicated that staff has received multiple letters from community organizations expressing their support for the targeted Red Mountain road closure dates, and weather permitting; the vegetation work will be completed before Memorial Day.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes reported that the next CREA Director and Manager joint meeting will be held on August 3-4, 2022, in Durango. The meeting is an opportunity to attend education sessions regarding CREA as an organization and networking occasions.

Western United- Dave Alexander

N/A

Eco-Action- Kevin Cooney

Director Cooney reported that EcoAction has presented the Climate Action Plan to local government partners in the area. The CARE program (formally the IQ Weatherization program) has targeted weatherizing 40 homes in SMPA's service territory in 2022.

Tri-State- Kevin Cooney

Director Cooney advised the Board that 41% of the total power supply was coal and 34% of member load was renewable. The numbers are moving towards each other as Tri-State works towards the Responsible Energy Plan (REP) to be 50% renewable by 2024. Director Cooney advised that the rate design committee discussed simple rate design and the possibility of unbundling transmission from the rate. Director Cooney stated Tri-State's Annual Meeting is scheduled for April 5-6 in Denver, CO.

8. ATTORNEY'S REPORT

Director Brown made a motion at 1:03 PM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 1:03 PM and came out at 2:02 PM. While in executive session, no decisions were made, nor votes taken.

9. BOARD TRAVEL

The Board reviewed upcoming meetings and training opportunities.

10. MISCELLANEOUS

Manager Zaporski congratulated Director Felicelli and Director Garvey for receiving the Director Gold Renewal Certificate from the National Rural Electric Cooperative Association (NRECA). The NRECA's Director Certificate Programs is offered in three levels, from fundamental to advanced, and are designed to help electric cooperative directors, at every stage of their service, understand their roles and responsibilities, stay up to date on the key issues and trends in the industry and prepare them to meet the challenges facing electric cooperatives now and in the future. The Gold Level is the highest in the certification program.

11. BOARD CALENDAR REVIEW

N/A

12. NEXT MEETING

The next Board of Directors meeting will be Tuesday, April 26, 2022, in Ridgway and Via Zoom.
The May 2022 meeting will occur on Thursday, May 19, 2022, in Nucla and Via Zoom.

13. ADJOURN

Director Garvey motioned to adjourn the meeting at 2:06 PM. Director Alexander seconded. The motion was voted and carried.


Doylene Garvey (Apr 27, 2022 16:46 MDT)

Doylene Garvey, Secretary/Treasurer