

1. MEETING PROTOCOL

Executive Assistant MartyJo Davis presented an overview of meeting protocols and provided instructions on utilizing features of the Zoom Virtual Meeting platform that allow members to participate virtually.

2. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors regular meeting to order at 9:03 AM. The meeting was held in person at the Ridgway office location and via Zoom Video/Teleconference. Director Rhoades attended via Zoom Video/Teleconference, with Director Felicelli, Director Brown, Director Cooney, Director Cokes, Director Alexander and Director Garvey attending in person at the Ridgway office.

3. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (April 25, 2023), including March 28, 2023, meeting minutes. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Felicelli reported he had received comments from a commercial member praising the SMPA crews.
- Director Felicelli informed the Board that Mountain Village changed its building policy to allow for all-electric buildings, and a new all-electric construction project has already begun in the area.
- Director Felicelli stated he received praise from a member regarding SMPA's on-bill repayment pilot program to assist with beneficial electrification products in affordable housing projects.
- Director Cooney communicated that he had received comments from a member expressing dissatisfaction with the rebate process, which he was able to address by reviewing the rebate form/process that is available on the SMPA website.
- Director Cooney advised that he received feedback that educating fire departments on Electric Vehicle (EV) safety protocols could be a mutually beneficial project.
- Director Cokes informed the Board that in the afternoon of April 25, 2023, Ouray County is hosting a town hall to present its master plan, including a review of its infrastructure master plan; all Directors are welcome to attend.
- Manager Zavorski shared a member comment letter with the Board that praised SMPA crew members for going above and beyond to assist their families during an outage.

5. STRATEGIC PLANNING

Determine the optimal long-term power supply strategy that best achieves safe, reliable, cost-effective and environmentally responsible service to our members. Brad Zavorski

Manager Zavorski reported that SMPA will be dropping off the service of United Power in the 9th District Court in Washington, DC but will maintain a position in the Federal Energy Regulatory Committee (FERC) filing. Manager Zavorski communicated that a final decision will likely not be made by FERC until 2024-2025, so in one manner, SMPA is in a holding pattern waiting for the FERC decision; however, SMPA will use the time to explore all options and prepare the cooperative to be ready to take advantage of an opportunity that might present itself. Mr. Zavorski noted it is a long process, but Tri-State seems resolute in its desire to offer SMPA the flexibility we want.

6. C.E.O. REPORT

C.E.O. Items

Power Supply Update

Manager Zaporski advised information related to power supply was provided during the strategic planning update.

Rate Discussion

Manager Zaporski stated that currently, several cooperatives are moving to a time-based rate structure and breaking out delivery and energy charges. New rate structures are being developed to help future-proof the grid to manage Beneficial Electrification (BE) and ensure accurate cost recovery. As rate structures evolve, it could result in changes in the Colorado state legislature regarding net metering and its management. In preparation for rate structure changes at SMPA, a Time of Use (TOU) program has been developed and is in the testing phase, staff is working with consultants on the 2024 rate study, and a 'Timing Matters' communication campaign has been launched to engage and educate the membership on how and why the time energy is used matters. Manager Zaporski advised that a significant wholesale rate increase is expected for the 2024 budget year, noting that while SMPA plans to utilize deferred revenue to help minimize a rate increase to the SMPA membership, an increase will still be needed.

Direct Assignment of Transmission Assets

Manager Zaporski reported that staff reviewed Tri-State's possible direct assignment list. Following a thorough evaluation of the list, SMPA provided Tri-State with proof that a significant amount of the initially proposed direct assigned assets are not eligible to be directly assigned to SMPA and should continue to be socialized. Staff will continue to closely monitor, and review items related to a possible direct assignment of transmission assets.

Introduction of Employee Guests

Mike Therriault, Engineering Supervisor; Mark Prezbindowski, IT Specialist; Greg James, Purchasing and Store Specialist; Dustin Smuin, Fleet and Facilities Supervisor; Danielle Rodriguez, Human Resources and Administration Coordinator; Joshua Hainey, Senior Accountant; Kelly Truelock, Senior Accountant; Terry Schuyler, Key Accounts Executive; Alex Shelley, Communications Executive; Darcy Weimer, Safety & Regulatory Compliance Coordinator; Megan Rutherford, Member Services Representative; Rebecca Lang, Member Services Representative; and Phil Zimmer, Member & Energy Services Supervisor, were also in attendance at the meeting, virtually or in-person.

Community Focus Donations

The Board reviewed the application scorecard results. Following review, Director Garvey motioned to award the Community Focus donation (as follows), apply for Basin match when applicable and carry forward the \$147 remaining donation funds to next quarter's review. Director Brown seconded. The motion was voted and carried. The awarded amounts are as follows:

- Telluride Mountain School, \$1,000 SMPA donation with a \$1,000 Basin Electric match request.
- Norwood Roping Club, \$600 with a \$600 Basin Electric match request.
- MountainFilm, \$700 SMPA donation with a \$700 Basin Electric match request.
- Ouray County Schools Community Resource Consortium dba Voyager Youth, \$700 SMPA donation with a \$700 Basin Electric match request.
- Ridgway Chautauqua Society, \$500 SMPA donation with a \$500 Basin Electric match request.
- Telluride Academy, \$1,100 SMPA donation with a \$1,100 Basin Electric match request.

- Silverton Creative District, \$750 SMPA donation with a \$750 Basin Electric match request.
- Ouray High School Summer Basketball, \$500 SMPA donation with a \$500 Basin Electric match request.
- Ah Haa School for the Arts, \$900 SMPA donation with a \$900 Basin Electric match request.
- Uncompahgre Watershed Partnership, \$500 SMPA donation with a \$500 Basin Electric match request.
- West End Theatre Creative via Montrose West Recreation, \$1,000 SMPA donation with a \$1,000 Basin Electric match request.
- Nucla-Naturita Area Chamber of Commerce, \$600 SMPA donation with a \$600 Basin Electric match request.
- Community Options, \$750 SMPA donation with a \$750 Basin Electric match request.
- Ouray Mountain Air Music Series, \$500 SMPA donation with a \$500 Basin Electric match request.

Board Donations

- Director Garvey donated \$200 to West End Theatre Creative via Montrose West Recreation to be added to the Community Focus donation and apply for Basin match.
- Director Cooney donated \$100 to San Miguel Search and Rescue.
- Director Cooney donated \$100 to San Juan County Search & Rescue.
- Director Cooney donated \$100 to Ouray Mountain Search and Rescue.

Finance Update

RUS Loan Application Discussion

Manager Lehigh informed the Board that the Rural Utility Services (RUS) loan application is in final preparation and will be presented to the Board at the May meeting for approval. The RUS loan is based on the 2023-2026 Construction Work Plan (CWP), which includes several projects, with the bulk of the expense related to the Red Mountain Electrical Reliability and Broadband project. Mr. Lehigh noted the current RUS loan interest rate is 2% lower than competitor rates.

Monthly Financial Review

Manager Lehigh reviewed the March financial report, highlighting that first-quarter revenue has surpassed budget and that the cold weather positively impacts revenue. March revenues were more than budget by 8.36%, purchased power was 2.57% above budget, and March residential kWh sales increased from 2022 by 12.53%.

2022 Audit Presentation and Acceptance

George Lynch, CPA, P.C., P.A., reviewed the 2022 audit report with the Board of Directors.

Director Garvey made a motion at 9:57 AM to enter into executive session to review the 2022 audit report.

Director Cokes seconded. The motion was voted and carried. The Board entered into executive session at 9:57 AM and came out at 10:10 AM. While in executive sessions, no decisions were made, nor votes taken.

Director Cooney motioned to accept the 2022 audit report as presented with no questions or issues. Director Brown seconded. The motion was voted and carried.

Manager Lehigh communicated that this is the last year of a three-year engagement with the current auditing firm. SMPA will release a Request for Proposal (RFP) for auditing firms, and staff will compile responses for Board review and selection.

Marketing & Member Services

Manager Freeman reviewed his report, highlighting that staff is working with stakeholders in Silverton regarding resiliency and microgrid options for the area. The idle services policy, including form creation and internal procedure communication regarding the changes, is being implemented.

Information Technology

Manager Tea reviewed his report, highlighting that work continues on the Time of Use (TOU) project, noting that pilot testing is advancing; 18 accounts were tested in March, 200 accounts in April, and more in May. Accounts are being brought in to test different scenarios and how the system will handle variations, from a 'standard' residential rate to net metering accounts and more.

Administration & Human Resources

Manager Zaporski reviewed the Administration & Human Resources report, highlighting that staff has engaged in the community through safety presentations to schools and participating in career days.

The Board reviewed Policy 104, Board of Directors – CEO/General Manager Relationship. Proposed updates to the policy included grammatical updates and minor verbiage changes. Director Brown motioned to adopt Policy 104 with updates. Director Alexander seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 108, Association Legal Counsel. No updates proposed. Director Garvey motioned to adopt Policy 108 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Zaporski reviewed the Engineering report in Manager Fox's absence, highlighting that lead time delays continue and there is a possibility that construction projects may get delayed due to SMPA's inability to get material in a timely matter. Manager Zaporski advised that staff is working with the contractor regarding the Nucla front office remodel; the current focus is evaluating engineering strategy to manage the ballistic material expense.

7. BOARD TOPICS

N/A

8. ASSOCIATED MEETING REPORTS

EcoAction Partners – Toby Brown

N/A

CREA – Debbie Cokes

Director Cokes communicated that CREA hosted a Cyber and Physical Security Workshop; following the workshop, CREA Board voted to become more involved with cybersecurity initiatives. Director Cokes advised that feedback from a recent CEO member survey shows that the most important CREA functions are its educational and legislative services, with safety services lower on the list.

Legislative Review

Director Cokes reported that the CREA legislative season is nearing its end with a handful of bills in a final review that may impact cooperatives.

Director Felicelli expressed gratitude to Director Cokes for her service on the CREA Board and its legislative committee, noting the time she invested is beneficial to the cooperative and is appreciated.

Western United (WU) – Dave Alexander
N/A

Tri-State (TS) – Kevin Cooney

Director Cooney reported that Tri-State's Annual Meeting featured guest speakers from the Southwest Power Pool (SPP), and TS announced its intent to join the SPP in 2026. Director Cooney advised that a TS FERC filing that would require members who file to exit TS to exit at the time specified and pay several fees to help offset the expenses TS incurs when redesigning its load profile to accommodate lost member load was rejected by FERC. Director Cooney advised that a special Rate Design Committee (RDC) meeting was called to address items that could impact the 2024 budget, which staff is working on preparing early.

ATTORNEY'S REPORT

Legal Counsel Jim Link informed the Board that District 2 Director Kevin Cooney ran unopposed and, per SMPA bylaws, is deemed reelected and will represent District 2 for the next four years. This will also be communicated at the Annual Meeting on June 8, 2023.

Director Cokes made a motion at 1:29 PM to enter into executive session for personnel and contractual issues. Director Garvey seconded. The motion was voted and carried. The Board entered into executive session at 1:29 PM and came out at 2:33 PM. While in executive session, no decisions were made, nor votes taken.

Approval of Ouray Franchise Agreement

Following Executive Session, Director Rhoades motioned to approve a new Ouray Franchise Agreement for 15 years, expiring April 20, 2038. Director Alexander seconded. Following discussion, the motion was voted on and carried.

9. BOARD CALENDAR / TRAVEL

The Board reviewed upcoming meetings and training opportunities, including the CREA Town Hall meeting scheduled for April 26, 2023, in Ridgway and NRECA Cybersecurity & The Board Oversight Role scheduled for May 9, 2023, in Montrose, CO. The Board also discussed the upcoming strategic planning session scheduled for July 11-12, 2023, and possible locations.

10. MISCELLANEOUS

N/A

11. NEXT MEETING

The May 2023 Board of Directors meeting will occur on Tuesday, May 23, 2023, in Nucla and Via Zoom.

The Annual Meeting will occur on Thursday, June 8, 2023, in Ridgway and Via Zoom.

The June 2023 Board of Directors meeting will occur on Tuesday, June 27, 2023, in Ridgway and Via Zoom.

12. ADJOURN

At 2:46 PM, Director Cokes motioned to adjourn the meeting. Director Alexander seconded. The motion was voted and carried.



Doylene Garvey (May 23, 2023, 12:46 MDT)

Doylene Garvey, Secretary/Treasurer