

## **1. MEETING PROTOCOLS**

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 Director's regular meeting to order at 9:04 AM. The meeting was held in person at the Ridgway office location and via Zoom Video/Teleconference. All Directors attended the meeting in person at the Ridgway office location.

## **3. APPROVAL OF CONSENT AGENDA**

Director Alexander motioned to approve the revised consent agenda (September 26, 2023), including August 22, 2023, meeting minutes, the re-ratification to approve the 2022 Capital Credit Allocation of \$671,000 and the re-ratification to approve a new 15-year franchise agreement with the Town of Mountain Village. Director Garvey seconded. The motion was voted and carried.

## **4. MEMBER OR CONSUMER COMMENTS**

General Member/Consumer Comments

- Director Garvey received feedback from a member expressing appreciation for allowing West End Gravel Rush participants to utilize the SMPA parking lot during the event.

## **5. CEO REPORT**

### **CEO Items**

Power Supply Update

Manager Zaporski reported that he attended Guzman Energy's CEO Meeting along with other utility executives and representatives from municipalities. Guzman representatives spoke about where the organization is and its plans for the future.

Manager Zaporski informed the Board that Tri-State's (TS) new wholesale rate reflects roughly a 6% wholesale power increase, emphasizing capacity expense over energy costs. Manager Zaporski noted that a seasonal rate would benefit SMPA; however, Tri-State's proposed rates do not offer a seasonal rate. Manager Zaporski advised that the rate has not been accepted or approved by the Federal Energy Regulatory Commission (FERC); however, staff has used the proposed rate for budgeting purposes for 2024.

Rate Discussion

Manager Zaporski communicated that Holy Cross has officially rescinded its proposed rate structure changes, specifically due to pressure mounting from their membership and the threat of litigation from the Colorado Solar and Storage Association (COSSA). La Plata Electric Association (LPEA) is modifying its rate structure to follow Empire's rate structure, which includes a Time of Use (TOU) energy rate with a peak demand rate. Manager Zaporski advised that SMPA is taking a stepped approach to educating the membership, beginning with the time they use energy matters and building on that with educational information regarding capacity expenses. This approach will help the membership become familiar with concepts while affording SMPA time to configure systems to handle potential changes and thoroughly analyze all data and options to ensure an equitable cost recovery rate strategy.

### **Introduction of Employee Guests**

Dustin Smuin, Fleet and Facilities Supervisor; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Senior Staff Accountant; Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Member Service Representative; Greg James, Purchasing and Stores Supervisor; Mark Prezbindowski, IT Specialist; and Alex Shelley, Communications Executive, were in attendance at the meeting, either in person or virtually via the Zoom webinar platform.

### **Community Focus Donations**

The next donation review is scheduled for October 2023.

### **Board Donations**

Director Rhoades donated \$200 to the Ouray Volunteer Fire Department.

Director Rhoades donated \$200 to the Silverton Volunteer Fire Department.

Director Alexander donated \$100 to the Just for Kids Foundation.

Director Alexander donated \$200 to the Norwood Fire Department.

### **Finance**

#### **Monthly Financial Review**

Manager Lehigh reviewed the finance report, highlighting that revenues for the year continue to perform ahead of budget by 5.27% and prior years' actuals by 6.86%. Manager Lehigh noted a slight decrease in the Debt Service Coverage (DSC) tier due to accounts payable timing.

#### **RUS Loan Application Update**

Manager Lehigh advised that the RUS loan application is not finalized; however, staff continues to work with RUS representatives to get the application finalized for future approval.

#### **Audit Update**

Manager Lehigh communicated that the audit engagement letter is signed, and audit services have commenced.

#### **Form 990 Update**

Manager Lehigh reported that the firm completing Form 990 is waiting for the National Rural Electric Cooperatives Association (NRECA) to respond to information requests. Mr. Lehigh anticipates reviewing the 990 at the October Board of Directors meeting.

### **Marketing & Member Services**

Manager Freeman reviewed his report, highlighting the communication campaign to inform members on autopay that the draft date will change to the 21<sup>st</sup> of the month or the next business day thereafter, beginning with the October bill. This date aligns more with SMPA's power bill payment date to Tri-State. Manager Freeman added that several staff members attended the NISC conference to learn about best practice recommendations and emerging technologies. The team continues to work on grant research and project administration.

### **Information Technology**

Manager Tea reviewed his report, stating that staff attendance at the NISC Member Information Conference (MIC) was an excellent opportunity to learn about the new features NISC is developing. Manager Tea communicated that the Time of Use (TOU)/Meter Data Management (MDM) team continues to progress in migrating accounts to TOU, with roughly 13,200 accounts scheduled to reflect TOU information on the

September bill. The remaining accounts to be converted represent accounts with complexities that are being addressed before migrating to a TOU.

#### **Administration & Human Resources**

Manager Rodriguez reviewed her report, noting that the coop has three open positions, interviews are happening, and more are scheduled.

The Board reviewed Policy 204, Sale of Used Surplus Equipment. No changes proposed. Director Brown motioned to adopt Policy 204 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 205, Local Purchase Policy. No changes proposed. Director Brown motioned to adopt Policy 205 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

#### **PTO Conversion**

The leadership team has met with non-bargaining employees to review a draft policy and timeline associated with transitioning from a traditional sick and vacation leave program to a paid time off leave system. Staff requests Board approval for a budget override to transition to the new paid time off program. Following discussion, Director Brown motioned to authorize a one-time budget override for converting vacation/sick time to a Paid Time Off (PTO) program. Director Alexander seconded. After further conversation, the motion was voted and carried.

#### **Engineering | Operations | Safety and Regulatory Compliance**

Aaron Potts, ESC, presentation on the Red Mountain Construction

Manager Fox introduced Aaron Potts of ESC Engineers, informing the Board that Mr. Potts has been involved with the Red Mountain Electric Reliability and Broadband Improvement Project (RMERBIP) since the beginning. Mr. Potts presented an overview of the overall project map, advising that the project will be completed in phases for several reasons, including to help minimize the impact on Highway 550 and the communities of Ouray and Silverton. Additionally, addressing the project in phases will help spread the cost of the entire rebuild over several years to minimize the impact on SMPA members and address the limited construction period on Red Mountain related to weather, terrain, and United States Forest Service (USFS) restrictions. Mr. Potts communicated that 4.5 miles of 44kV Transmission Line has been identified for Phase 1 of the project, with construction to commence in 2024. A construction bid for the project was released in mid-July to several construction contractors; interested contractors attended a pre-bid meeting and site walk. At the pre-bid meeting and site walk, the rugged terrain, weather challenges, and permit requirements were discussed to ensure contractors thoroughly understood the project's complexity and requirements.

Director Rhoades made a motion at 10:28 AM to enter into executive session to discuss contractual items related to RMERBIP. Director Cokes seconded. The motion was voted and carried. The Board entered executive session at 10:28 AM and came out at 11:06 AM. While in the executive session, no decisions were made nor votes taken.

After the executive session, Director Cokes motioned to authorize staff to initiate and finalize contract negotiation with PAR Electrical Contractors, LLC, as presented for Phase 1 of the Red Mountain Electric

Reliability and Broadband Improvement Project (RMERBIP). Director Garvey seconded. Following discussion, the motion was voted and carried.

Manager Fox reviewed his report, highlighting a recent pole replacement that required helicopter placement as well as ropes and rigging training for crews, noting that while the crews are well-experienced climbing poles, additional training was needed for rock climbing required to access some of the poles in the SMPA service territory. Manager Zaporski communicated that due to the rugged terrain and diverse service territory, SMPA's expense profile is not the same as other cooperatives, such as those located on the plains.

## **6. BOARD TOPICS**

N/A

## **7. ASSOCIATED MEETING REPORTS**

Eco-Action- Toby Brown

Director Brown stated that Eco-Action is striving to construct its website as a one-stop shop for all information regarding incentives and rebates available to commercial and/or residential property owners. Eco-Action is embarking on a strategic planning process to analyze how time is spent and find ways to maximize efficiency and impact on communities.

CREA- Debbie Cokes

Director Cokes advised that the CREA Board discussed the Colorado Solar and Storage Association's (COSSA) threat to sue Holy Cross over proposed rate changes. Participants discussed that the state should become more involved in changing legislation regarding net metering, and, ideally, the focus will be on how to find an equitable solution, not just how to avoid litigation.

Legislative Review

Director Cokes reported that CREA legislative representative Tim Coleman is serving on a Wildfire Review Committee for the state, noting the committee is currently discussing the lack of insurance available for individuals living in wildfire-prone areas.

Western United (WU)- Dave Alexander

Director Alexander stated that Western United's (WU) sales are down from last year by 4%. WU continues to stock significant inventory to help mitigate supply chain issues and prioritize coop orders.

Tri-State- Kevin Cooney

Director Cooney reported that rate filing at FERC is still pending a decision. It is anticipated that the rate will pass. The Contract Termination Payment (CTP) case is also pending a final decision.

Director Cooney advised Tri-State (TS) is aggressively pursuing federal monies. They have submitted several grant applications, loan applications, stranded asset relief grants and direct pay provisions for renewable projects. TS applied for the maximum amount that anyone was allowed to, which is 10% of all funding, which is around 970 million dollars.

The Southwest Power Pool (SPP) is a Regional Transmission Operator (RTO) that Tri-State has committed to joining in 2026. An RTO is an electric power Transmission System Operator (TSO) that coordinates, controls, and

monitors a multi-state electric grid. Energy costs are typically cheaper in power pools; however, capacity costs can be high sometimes. Recently, Basin Electric, Western Area Power Administration (WAPA), and Platte River Power Authority have committed to joining the SPP. Conceptually, the SPP will result in lower prices for everybody due to the resource diversity created by participants.

#### **8. ATTORNEY'S REPORT**

Approval of Ridgway Franchise Agreement

Following discussion, Director Rhoades motioned to approve the new Franchise Agreement with Ridgway. The agreement is effective September 1, 2023, and will expire in 2038. Director Alexander seconded the motion. The motion was voted and carried.

Executive Session

N/A

#### **9. BOARD CALENDAR/TRAVEL**

The Board reviewed upcoming meetings and training opportunities, including the online training options and the CREA Energy Innovations Summit and Fall Meeting, scheduled for October 28-31, 2023, in Westminster, CO. Director Alexander notified the Board he plans to attend the Winter School for Directors scheduled for December 8-12, 2023, in Nashville, TN.

#### **10. MISCELLANEOUS**

Director Cokes reported that she learned that the large solar project in Delta County was approved once the project was defined as agrivoltaics. Agrivoltaics combines agricultural and renewable energy production on the same piece of land. Agrivoltaics practices can include growing crops under the panels or solar grazing, which is the use of livestock to maintain vegetation under solar panels.


#### **11. NEXT MEETING**

The 2024 Budget Work session meeting will be held on Wednesday, September 27, 2023, in Ridgway and via Zoom.

The next regular Board of Directors meeting will be held on Tuesday, October 24, 2023, in Nucla and via Zoom. The November 2023 meeting will occur on Tuesday, November 14, 2023, in Ridgway and via Zoom.

#### **12. ADJOURN**

At 1:06 PM, Director Rhoades motioned to adjourn the meeting. Director Garvey seconded. The motion was voted and carried.

  
Doyle Garvey (Oct 24, 2023 15:56 MDT)

Doylene Garvey, Secretary/Treasurer