

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 9:03 AM. The meeting was held in person at the Nucla office location and via Zoom Video/Teleconference. Director Rhoades and Director Cooney attended via Zoom Video/Teleconference, with Director Felicelli, Director Alexander, Director Cokes, Director Brown and Director Garvey attending in person at the Nucla office.

3. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the consent agenda (October 24, 2023), including the September 26, 2023, meeting minutes. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

Rate Proposal and Recommendation Overview

Manager Lehigh and Manager Freeman communicated the primary determining factors in the rate proposal recommendation. Determining factors include wholesale power rate increases, fire mitigation and reliability project expenses, new construction, and necessary infrastructure upgrades. Manager Lehigh and Manager Freeman advised that staff is recommending a \$2 increase to all rate class's monthly access fees, highlighting that putting the increase in the access fee is strategic because it moves SMPA closer to closing the gap to recovering fixed costs through fixed access fees. Manager Lehigh noted that the ability to utilize deferred revenue contributes to being able to keep the rate increase modest for 2024; it is important to anticipate that more rate increases will be needed in the future to respond to the rapidly changing power supply market. Manager Freeman reviewed neighboring cooperative rates, noting that even with SMPA's diverse and rugged terrain, SMPA's access fee continues to be one of the lowest in the state. Manager Freeman advised that new technologies have allowed staff to analyze the bill impact on members across all usage and income groups; the data collected indicates no distinct impact on lower-income families. Manager Freeman added that staff is developing programs and rate structures for the future that will help manage load shape, including consideration for micro-grids, battery storage, time-of-use rates and time-of-day demand rates.

Member/Public Comment on Rate Proposal and Recommendation

- Director Felicelli commented that he had received comments from members who were surprised that the proposed increase isn't more than \$2.
- Director Felicelli reported he had received comments from a member stating their dislike of the high energy charge, noting it should be lower and the access fee should be higher.
- A member suggested that SMPA consider increasing the monthly access more substantially while decreasing the kWh rate equivalently to generate the same annual revenue increase as the proposed \$2 access fee increase. The member noted that of neighboring cooperatives, SMPA is the only cooperative without a Time of Use (TOU) rate in effect. Additionally, while the SMPA access fee is considerably lower than most neighboring cooperatives, SMPA's kWh rate is the highest of all neighboring cooperatives. The member expressed a desire for staff to prepare more than one proposed rate strategy for consideration.

General Member/Consumer Comments

- Director Cooney referenced a letter to the editor published in the Telluride Daily Planet regarding the proposed solar array in Ophir; Director Cooney noted that the letter references inaccurate information. Manager Zavorski stated that SMPA is pursuing the project at the request of the Town of Ophir to partner with SMPA in looking at options for a more resilient and lower carbon power supply. Staff proceeded with a feasibility study for the community and presented their findings to the community; ultimately, it is 100% up to the community to determine if moving forward is the best option for them.
- Director Cokes communicated she received positive feedback about SMPA staff when speaking with a contractor working on underground projects in her neighborhood.
- Director Cokes Uncompahgre Watershed Partnership's 10-year strategic planning session; while in attendance, several Uncompahgre Watershed Partnership's members communicated how delighted they were with SMPA's direction.
- Director Cokes received comments from a member expressing gratitude for SMPA's EV Charging station at the Ridgway office.
- Director Cokes stated she had received feedback regarding the importance of vetting EV Charging companies. Manager Freeman advised that an EV Readiness Coalition has been established, and one responsibility of the coalition is to review and vet charging company proposals.
- Director Felicelli advised he had received comments from a member expressing how much he appreciates working with everybody on the SMPA staff.
- A member suggested that the Rico and Norwood areas are in need of EV charging stations.
- Member Betty Nickols attended the meeting and expressed interest in running for SMPA's District 1 Board of Directors seat in 2024.

5. CEO REPORT

CEO Items

2024 Rate Proposal and Approval

The Board discussed the rate proposal recommendation and member comments.

Director Brown made a motion at 10:14 AM to enter into executive session for personnel, contractual and budgetary considerations. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 10:14 AM and came out at 10:56 AM. While in the executive session, no decisions were made, nor votes taken.

Director Alexander motioned to approve the rate proposal with a \$2 increase to the monthly access fee to all rate classes, as presented. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

2024 Budget Review and Approval

Chief Financial Officer Lance Lehigh and department managers discussed the 2024 proposed budget presented during a budget work session. Staff reviewed the budgeting process, including evaluating multiple factors, including, but not limited to, increases to SMPA's wholesale purchased power costs, material expense increases, alignment with SMPA's equity management plan and financial ratios. Following the discussion, Director Alexander motioned to approve the 2024 budget as presented. Director Cokes seconded. The motion was voted and carried.

Power Supply Update

Manager Zaporski reported that Tri-State's Contract Termination Payment (CTP) case is still pending a final decision at the Federal Energy Regulatory Commission (FERC). In the absence of a final decision from FERC regarding CTP, Tri-State is stating that the rate that is filed at FERC is the one that stands and needs to be used for calculating CTP for cooperatives considering an exit from Tri-State.

Rate Discussion

Manager Zaporski advised that staff is moving towards presenting a Time of Use (TOU) rate to the Board in the fourth quarter of 2024. Manager Freeman advised that staff is refocusing the timing matters communications campaign to highlight the opportunities and possibilities of a TOU to potentially help save members money by shifting habits to drive time of use to off-peak hours.

Indeterminate Load Agreement (ILA) Discussion

Manager Zaporski advised that an Indeterminate Load Agreement (ILA) is a risk mitigation tool to ensure that the cost associated with infrastructure system upgrades are paid for by the organization requesting it and does not affect the membership. Manager Zaporski referenced a recent news article that identified a business whose sale left creditors out millions of dollars, noting that SMPA was not one of the impacted creditors because of the ILA that was in place, highlighting that the ILA protected SMPA and the membership from uncollectable bad debts.

Introduction of Employee Guests

Terry Schuyler, Key Accounts Executive; Kelly Truelock, Senior Staff Accountant; Joshua Hainey, Senior Staff Accountant; Greg James, Purchasing and Stores Supervisor; Mark Prezbindowski, IT Specialist; Mike Therriault, Engineering Supervisor; and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Manager Zaporski introduced Candida Fierro, SMPA's new Ridgway-based Member Service Representative (MSR). Ms. Fierro has an extensive background in customer service and is bilingual. Candida gave a brief introduction, noting she enjoys the outdoors, from paddleboarding to hiking and is very excited to join the SMPA team.

Manager Zaporski congratulated Mr. Dane Shaffer on completing the apprenticeship program to become a Journey Lineman. Director Felicelli and Manager Zaporski presented Mr. Shaffer with a Journey Lineman certificate, jacket, and belt buckle. Mr. Shaffer thanked SMPA and the management team for the opportunity and expressed gratitude for working for such a great organization.

Community Focus Donations

The Board reviewed the application scorecard results. Following review, Director Garvey motioned to award the Community Focus donation (as follows) and apply for Basin match when applicable. Director Cokes seconded. The motion was voted and carried. The awarded amounts are as follows:

- Rural Homes, Paradox Community Trust, \$2,100 SMPA donation with a \$2,100 Basin Electric match request.
- Valley Food Partnership, \$500 SMPA donation with a \$500 Basin Electric match request.
- UpstART Theater, \$600 SMPA donation with a \$600 Basin Electric match request.

- Nucla-Naturita Area Chamber of Commerce, \$1,000 SMPA donation with a \$1,000 Basin Electric match request.
- Montrose West Recreation, Inc. \$1,100 SMPA donation with a \$1,100 Basin Electric match request.
- Telluride Mountain Club, \$1,900 SMPA donation with a \$1,900 Basin Electric match request.
- FRESH Foundation, \$1,200 SMPA donation with a \$1,200 Basin Electric match request.
- Lone Cone Library, \$1,900 SMPA donation with a \$1,900 Basin Electric match request.
- San Miguel Resource Center, \$650 SMPA donation with a \$650 Basin Electric match request.

Board Donations

Director Garvey donated \$350 to Montrose West Recreation, Inc., to be added to the Community Focus donation and included in the Basin Electric donation match request.

Finance

Form 990 Update

Manager Lehigh advised that Form 990 is an informational tax return, the form was submitted on time, and a high-level review will be provided at the November Board of Directors meeting.

Monthly Financial Review

Manager Lehigh reviewed the finance report, noting that the autopay date change is in effect and that the allocation of the 2022 margins has been tested and will be on the October 2023 bill as a message in the upper left corner of the member bill. Mr. Lehigh added that cash reserves will begin to build back up as the low revenue season nears its end.

Marketing & Member Services

2024 Annual Meeting Theme Discussions

Manager Freeman reviewed possible themes for SMPA's 2024 Annual Meeting. After reviewing options, the Board selected 'Energy for the Future' for the 2024 Annual Meeting theme.

Survey and Ballot System Review

Manager Freeman informed the Board that they were satisfied with the service and results of working with Survey and Ballot for the 2022 and 2023 elections and are planning to utilize their services again for the 2024 director election.

Manager Freeman reviewed his report, noting that staff are analyzing the rebate system for 2024 to serve Beneficial Electrification (BE) and Renewable Energy (RE) initiatives better.

Information Technology

Manager Tea reviewed his report, highlighting that several projects are progressing on track to successful implementation. Manager Zaporski pointed out that the Time of Use (TOU) project is a software solution to TOU in lieu of a hardware solution, resulting in significant cost savings.

Administration & Human Resources

Manager Rodriguez reviewed her report, providing a staffing update and explaining the cascade effect of intercompany hiring.

The Board reviewed Policy 206, Purchase of Automobile or Heavy Equipment. No updates proposed. Director Garvey motioned to adopt Policy 206 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

The Board reviewed an updated Policy 305, Members Information and Public Relations. Minor grammatical changes proposed. Director Alexander motioned to adopt Policy 305 as presented. Director Cokes seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting that two Pano AI sites are live with three pending activations. Mr. Fox advised that the 2024 Red Mountain construction timelines communication campaign has begun.

Dispatch Services Review

Manager Fox reviewed the dispatch services contracted through Delta-Montrose Electric Association (DMEA). DMEA Dispatch Services provides 24/7 emergency services dispatcher coverage and phone outage response, after-hours member communications, system coordination control, Outage Management System (OMS) management, and safety management through managing items such as hotline tags, line locate requests, and more. The benefits of a contract dispatch service over a general call center coverage contract were discussed, and it was expressed that the DMEA dispatch service is a partnership worth having.

6. BOARD TOPICS

N/A

7. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown advised that Eco-Action will hold a strategic planning session to help focus the organization's direction in the upcoming years.

CREA- Debbie Cokes

N/A

Legislative Review

N/A

Western United (WU)- Dave Alexander

N/A

Tri-State- Kevin Cooney

Director Cooney reported that Tri-State was selected to receive \$24 million through the Federal Government GRIP funding grant program. The monies will help implement and efficiently utilize the Distributed Energy Resource Management (DERM) system recently acquired by Tri-State. The anticipated outcome and benefits of DERMs software will help Tri-State look at electrification and improve the efficiency, capacity, flexibility,

reliability and resilience, integrate renewable energy resources and manage controllable loads – ideally reducing peak loads.

Director Cooney advised that Tri-State voted to change their external auditors. Director Cooney noted that in some instances, Tri-State is selling land they are no longer using in an effort to monetize resources that aren't being utilized and to try to trim costs. Tri-State's ability to maintain its minimum debt service requirement is tight, but they are not in default. Additionally, Tri-State's renewable generation portfolio was 35% in September.

8. ATTORNEY'S REPORT

Certify Director Districts

Legal Counsel reviewed the Board District member counts with the Board. Legal Counsel Link recommended that the counts were adequate, and no changes were recommended as the variance is less than 10% between district member counts.

Following review, Director Cokes motioned to certify director districts as currently configured with no changes. Director Alexander seconded. Following discussion, the motion was voted on and carried.

Executive Session

N/A

9. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including NRECA's Capital Credit Issues and Decisions online course and the CREA Energy Innovations Summit and Fall Meeting, scheduled for October 28-31, 2023, in Westminster, CO.

10. MISCELLANEOUS

N/A

11. NEXT MEETING

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

The December 2023 meeting will occur on Tuesday, December 19, 2023, in Nucla and via Zoom.

12. ADJOURN

At 1:50 PM, Director Garvey motioned to adjourn the meeting. Director Cokes seconded. The motion was voted and carried.


Doyle Garvey (Nov 14, 2023 2:44 MST)

Doylene Garvey, Secretary/Treasurer