

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 9:02 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.

3. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the consent agenda (November 14, 2023), including the meeting minutes from October 24, 2023, with corrections. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Brown advised that he had spoken with several members interested in what is happening in the industry with new technologies and rate structures, noting our membership is very engaged and interested in the industry. Topics of discussion included the potential for geothermal and small-scale nuclear.
- Director Brown stated he received feedback from members that the \$2 rate increase is very reasonable and understandable.
- Director Cooney and Director Brown informed the Board of several conversations with Ophir residents regarding SMPA's role in the Ophir microgrid feasibility study. It was noted that the microgrid/solar feasibility study was conducted at the request of Ophir leaders exploring options to increase resiliency and reliability and reduce carbon power supply. Staff 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. While members are in favor of being more resilient and reducing carbon power supply, it is also met with a not-in-my-backyard sentiment.
- Director Cokes reported she attended the Ridgway Town Council meeting to learn more about Ridgway's EV Charging initiatives, noting that Key Accounts Executive Terry Schuyler was able to comment regarding EV charging questions, and members expressed gratitude to SMPA for bringing more clarity to the conversation.

CEO Items

Power Supply Update

Manager Zaporski reported that Tri-State (TS) filed an amendment to their initial rate filing at the Federal Energy Regulatory Commission (FERC). The price point remains the same in the amended filing; however, it takes the transmission demand line item and breaks it into two separate line items: network transmission and non-network transmission. Showing the breakout of charges is likely the first step to prepare for rate changes in the future. The original filing and amended filing are still pending FERC's decision.

Manager Zaporski advised that Tri-State's case in Adam's County court with United has been settled, resulting in United leaving with a fairly large Power Purchase Agreement (PPA) to continue purchasing power from TS. Director Cooney noted that the settlement included a mutual release of all claims, meaning neither party can sue the other in the future.

Rate Discussion

Manager Zaporski provided an update on the Time of Use (TOU)/ Meter Data Management (MDM) project, noting that the majority of accounts have been transitioned to track on-peak/off-peak usage with the information displayed on members bills. Staff's current focus is on programming the system to handle net metering and demand accounts. One of the more complex aspects of net metering and TOU rate is related to winter solar generation, which generally occurs during off-peak, while peak power will cost more. Communicating how it will work is essential to the cooperative and the membership.

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; Mike Therriault, Engineering Supervisor; Megan Rutherford, Member Service Representative; Candida Fierro, Member Service Representative, Samantha Hall, Member Services Representative; Merrill Carpenter, Mechanic/Warehouseman; and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Manager Zaporski introduced Samantha Hall, SMPA's new Ridgway-based Member Service Representative (MSR). Ms. Hall has an extensive background in working with the public and customer service. Samantha briefly introduced herself, noting she moved from the Grand Junction area and was a small business owner before joining the SMPA team.

Manager Zaporski introduced Merrill Carpenter. Mr. Carpenter has worked for SMPA for five years as Ridgway's Mechanic/Warehouseman and has recently accepted the Purchasing/Store Specialist role. Merrill does everything with a strong attention to detail and has been nominated by his co-workers for on-the-job excellence. Mr. Carpenter informed the Board that he has lived in Montrose for six years and has already begun learning about his new role.

Community Focus Donations

The next donation review is scheduled for January 2024.

Board Donations

Director Alexander donated \$200 to the Norwood Chamber of Commerce.

Director Cooney donated \$150 to the Norwood Food Pantry.

Director Alexander donated \$100 to Angel Baskets.

Director Cooney donated \$150 to Angel Baskets.

Director Felicelli donated \$100 to Angel Baskets.

Director Felicelli donated \$100 to the San Miguel Resource Center (SRMC).

Finance

Monthly Financial Review

Manager Lehigh reported that the final financials are unavailable for review due to timing; however, preliminary numbers indicate that revenues are pacing 4.8% ahead of budget.

Manager Lehigh advised that staff intends to submit an amendment to the revenue deferral plan. The amendment will include a request to move the \$350,000 scheduled to be recognized in 2023 to recognition in 2024. Additionally, following a preliminary review of 2023 margins, staff will propose additional funds in the

amendment to be recognized in 2025-2026. The revenue deferral strategy is a risk mitigation tool that helps address wholesale power cost uncertainty and provides rate stabilization for the membership.

Member Dividend Review and Discussion

Manager Lehigh reviewed capital credits/member dividends and proposed a 1-million-dollar member dividend retirement to the membership for consideration and to be voted on at the December meeting. Manager Lehigh discussed methods of retirement, the current retirement schedule, and budget and liquidity considerations. The importance of targeting a 30-year or less retirement schedule was discussed, noting that upcoming significant retirement years may result in a slight drift up on the retirement schedule; however, it will be tied to an action plan to get back on track within two years.

Form 990 Review

Manager Lehigh reviewed SMPA's 2022 tax return, the Form 990, with the Board.

Marketing & Member Services

Set Annual Meeting and Election Date/Location

Director Rhoades motioned to set the Annual Meeting date for June 6, 2024, at the SMPA facility in Nucla in the afternoon. Director Alexander seconded. The motion was voted and carried.

Manager Freeman reviewed his report, highlighting that the National Renewable Energy Lab (NREL) is interested in working with communities in SMPA's service territory to analyze their climate action plans. The collaboration is available through an initiative of the Telluride Foundation. Manager Freeman communicated that the Electric Vehicle (EV) Readiness Coalition consists of representatives from local governments, Eco Action Partners, and SMPA.

Information Technology

Manager Tea reviewed his report, stating that a third-party cyber security company sends test emails to SMPA staff; the process is to help staff learn to recognize and beware of phishing emails. The most recent report shows that zero employees clicked through on test emails, a metric demonstrating that the cybersecurity education is successful.

Administration & Human Resources

Manager Rodriguez reviewed her report, noting open positions, the end of the open enrollment period for benefits and a successful all-employee meeting.

The Board reviewed an updated Policy 106, Compensation and Expense of Board Members. Proposed changes include different meeting fees based on the meeting duration to allow for partial-day meeting fees; for example, a three-hour meeting fee will be less than a six-hour or longer meeting. Director Alexander motioned to adopt Policy 106 as amended. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 430, Harassment. Historically, the harassment policy has been located in the employee policies category. However, it applies to the organization as a whole, including the Board; therefore, staff proposed the policy be reassigned as a Board Policy and numbered 112 to follow the Board Policy numbering convention. The Employee Policy 430 Harassment will remain; however, it will point to Board Policy 112. Director Alexander motioned to approve Policy 430 Harassment being recategorized as Board Policy 112. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting that the kickoff meeting to discuss Phase 1 of the Red Mountain Electric Reliability and Broadband Improvement Project (RMERBIP) with Par Electrical Contractors, LLC has occurred, and critical (long-lead time) materials are on order. Additionally, the SMPA fleet now includes an F150 Ford Lightning.

6. BOARD TOPICS

Tri-State Policy 310 Application

Director Cooney advised that Tri-State offers their directors up to \$1,000 in donation funds to be used for non-profits at the Director's request. The Board discussed how to utilize the funds, and it was determined that funds should be requested to bolster SMPA's Sharing Success program.

7. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown advised that Eco-Action held a strategic planning meeting. The organization's key strengths and challenges were discussed, and an update to the mission statement was proposed.

CREA- Debbie Cokes

Director Cokes advised that the CREA announced dues increase in 2024; however, members can select different service packages that can help lower costs. CREA is considering adopting three new policies: a code of conduct policy, a harassment policy and a discrimination policy.

Director Cokes, Director Felicelli and Manager Zaporski attended CREA's Energy Innovations Summit. Topics discussed included agrivoltaics, hydrogen, geothermal, small nuclear, Distributed Energy Resource Management Systems (DERMS), EV transportation leasing, and massive EV charging systems for transport.

Legislative Review

The proposed community choice bill excludes cooperatives and will likely face opposition due to conflict with the proposed Regional Transmission Organization (RTO) legislation.

Western United (WU)- Dave Alexander

Director Alexander reported that WU sales have been down for the past few months but are on the rise again.

Tri-State- Kevin Cooney

Manager Zaporski advised that when Tri-State retired the Nucla coal mine, they encountered an issue with a spring coming up through the old mine pit that needs to be remediated. The expense of the water treatment is called Asset Retirement Obligation (ARO) and was not planned for in the budget processes. Tri-State has requested that FERC allow them to amortize the expense over several years so it will not impact the financials so extensively this year. FERC's decision could significantly impact Tri-State as how this item is handled can affect their debt covenants.

Director Cooney reported that Tri-State (TS) will be forming a new contract committee to address a Partial Requirements Contract (PRC) and Equalization Payment (EQP).

8. ATTORNEY'S REPORT

Executive Session

Director Alexander made a motion at 1:35 PM to enter into executive session for personnel and contractual issues. Director Rhoades seconded. The motion was voted and carried. The Board entered into executive session at 1:35 PM and came out at 2:07 PM. While in executive session, no decisions were made, nor votes taken.

9. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities.

10. MISCELLANEOUS

General Counsel Contract Renewal

Director Alexander motioned to renew Jim Link's general counsel contract for another year, as discussed in executive session. Director Rhoades seconded. The motion was voted and carried.

11. NEXT MEETING

The next regular Board of Directors meeting will be held on Tuesday, December 19, 2023, in Nucla and via Zoom. The January 2024 meeting will occur on Tuesday, January 23, 2024, in Ridgway and via Zoom.

12. ADJOURN

At 2:10 PM, Director Garvey motioned to adjourn the meeting. Director Cokes seconded. The motion was voted and carried.



Doyleene Garvey (Dec 19, 2023 17:39 MST)

Doyleene Garvey, Secretary/Treasurer