

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
January 28, 2025 (Ridgway and Zoom Virtual Meeting)

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 Directors regular meeting to order at 9:04 AM. The meeting was held at the SMPA's Ridgway Office location and via Zoom Video/Teleconference. Director Felicelli, Director Alexander, Director Brown, Director Rhoades, Director Loczy and Director Cooney attended the meeting in person at SMPA's Ridgway Office, with Director Szwarc attending the meeting virtually via the Zoom Meeting Platform.

3. APPROVAL OF CONSENT AGENDA

Director Loczy motioned to approve the consent agenda (January 28, 2025), including meeting minutes for December 18, 2024, and ratifications to appoint Director Val Szwarc as the CREA Voting Delegate and Director Rube Felicelli as the alternate CREA voting Delegate. Appoint Director Val Szwarc as the Western United Voting Delegate. Director Thoades seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cooney shared that he had several conversations with members regarding SMPA's solar projects, with questions focused on the timeline and community involvement. These discussions took place before recent federal project delays, and he noted that the conversation will likely continue as updates become available.
- Director Loczy shared that, as a VFW commander, he recently engaged with local high school students and had the opportunity to promote lineman school scholarships. He offered a partial scholarship for training in Grand Junction and noted that while no students have accepted yet, multiple donors may provide matching funds to increase financial support. It was also discussed that SMPA offers a \$3,000 vocational scholarship per school, which could be used for lineman training and may qualify for donor matching.
- A member participating virtually introduced themselves as a community advocate, noting past work with the West End Economic Development Corporation (WEEDC) and current efforts with the Office of Just Transition. They emphasized that while the West End has transitioned from coal, recovery remains a challenge. The member shared that the Office of Just Transition is seeking input on legislative efforts, including bills by Senator Roberts aimed at streamlining the process. As part of a transitioned community, they are providing feedback to help shape these initiatives and highlight the ongoing need to support coal-affected communities.
- Director Felicelli noted how events outside SMPA's service territory, such as the recent wildfires in Southern California, can directly impact local communities. He shared an encounter with a family who relocated to Mountain Village after losing their home in the Pacific Palisades fires. He provided them with information about SMPA, emphasizing the cooperative's role in supporting new members.

5. STRATEGIC PLANNING

Member Engagement and Education— To provide education and tools that maximize the benefits of our member's relationship with SMPA. – Wiley Freeman and Alex Shelley

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
January 28, 2025 (Ridgway and Zoom Virtual Meeting)

Communications Executive Alex Shelley provided an update on the Member Engagement & Education Objective, highlighting key initiatives such as ongoing outreach, community partnerships, and the "Timing Matters" program. He shared insights from the recent member survey, which reflected increased satisfaction, a growing focus on affordability, and strong interest in off-peak rate options. Mr. Shelley introduced a new online rate comparison calculator designed to help members assess the best rate for their energy use. The in-house tool, developed using SMPA resources, allows members to input usage data and compare rate structures. The Board discussed the tool's accessibility, emphasizing the importance of providing clear and meaningful insights without causing confusion. A beta version will be tested with a small group before full rollout. Mr. Shelley advised that staff will continue refining engagement efforts and expanding resources to enhance member education and energy decision-making.

Technology

To leverage technology that maximizes internal efficiencies and enhances the members' experience while protecting our electronic assets. – Doug Tea and Mark Prezbindowski

Doug Tea and Mark Prezbindowski provided an update on the Technology strategic objective, highlighting efforts to enhance efficiency, improve the member experience, and strengthen system security. A major focus was the successful fiber network upgrade, enhancing reliability and long-term support. The project required coordination across 12 locations and was completed seamlessly, ensuring uninterrupted critical communications and system stability. Manager Tea communicate that the IT team is preparing for the full rollout of TOU billing in May 2025, with system updates already in place for upcoming rate adjustments. Additional technology improvements are planned to optimize network performance and maintain secure, efficient operations.

6. CEO ITEMS

Power Supply/Federal Energy Regulatory Committee (FERC) Updates

Rate Docket | Contract Termination Payment (CTP) Docket | Demand Response (DR) Filing | Upcoming Contract Extension Filing

General Manager/CEO Brad Zaporski provided an overview of ongoing regulatory matters, emphasizing SMPA's active role in multiple dockets before the Federal Energy Regulatory Commission (FERC). The most pressing issue is the rate docket, which will determine how transmission costs are handled. SMPA, alongside other interveners, is engaged in confidential settlement discussions. Mr. Zaporski noted a strategic shift in legal representation, now utilizing a Washington, D.C.-based firm with extensive FERC experience, strengthening SMPA's position.

Contract Committee Update

SMPA continues to participate in Tri-State's Contract Committee, which is finalizing a contract extension proposal for board approval. A decision on SMPA's participation in the extension is expected at the March board meeting.

New ERA Grant Funding Update

SMPA has signed a contract with the federal government for approximately \$10 million in grant funding for a local project. While an executive order has temporarily halted disbursement of Inflation Reduction Act (IRA) funds for 90 days, SMPA is not immediately impacted. Staff continues to monitor the situation closely, working

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
January 28, 2025 (Ridgway and Zoom Virtual Meeting)

with state and federal representatives to ensure the funding remains on track. Further details on contractual terms and community benefit plans will be discussed in executive session.

Introduction of Employee Guests

Kelly Truelock, Senior Staff Accountant; Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Phil Zimmer, Energy Services Manager; Mike Therriault, Engineering Supervisor; Greg James, Facility Maintenance Technician; and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Certified Loss Control Professional (CLCP) Certification Award

Manager Zaporski congratulated Darcy Weimer for earning the Certified Loss Control Professional (CLCP) designation, the highest certification for safety professionals in the electric utility industry. This multi-year program strengthens SMPA's commitment to safety and loss control, contributing to its strong safety record. Ms. Weimer expressed appreciation for the opportunity, highlighting the program's valuable training and industry connections, which have already benefited SMPA. She will provide a brief overview of her experience and its alignment with SMPA's safety initiatives at the next board meeting.

Ridgway Journeyman Substation Technician Introduction

Manager Zaporski introduced Brian Haselnus as the new Journeyman Substation Technician in Ridgway, highlighting that Mr. Haselnus has extensive experience in substation construction and transmission work, including prior upgrades at SMPA's Sunshine Substation; Brian brings valuable expertise to the team. Mr. Haselnus expressed his excitement about joining the SMPA team, noting his long-time connection to the area and his commitment to serving the local community.

Community Focus Donations

Executive Assistant Martyjo Davis reviewed changes to Basin Electric's donation match program, now capped at \$15,000 annually with a more complex application process and first-come, first-served funding. The Board discussed optimizing match requests, particularly for director donations.

Ms. Davis communicated that SMPA's employee donation program was developed in alignment with the cooperative principle of Concern for Community and the Board's strategic objectives to support Safety and People & Culture. The program enables employees (and Board members) to voluntarily contribute to local first responders through payroll deductions (or Director Expense Forms), with SMPA matching those contributions. To further support this initiative, Ms. Davis requested that a portion of Basin funds be allocated to match SMPA's contributions. Following discussion, Director Conney motioned to approve up to \$7,000 in Basin matching funds to support the employee donation program, ensuring continued support while preserving \$8,000 for other community donations. Director Rhoades seconded. The motion was voted and carried. This motion will be ratified at the February Board meeting as it did not meet noticing requirements.

The Board discussed the Community Focus Funds donation program, reviewing applications and determining allocations now that Basin matching funds are no longer guaranteed. Emphasis was placed on prioritizing projects that align with SMPA's mission and community impact, as well as ensuring requests are submitted prior to event dates. The Board also considered which donations might be eligible for potential Basin matching funds, given the first-come, first-served nature of the program. Following a review of application scorecard results,

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
January 28, 2025 (Ridgway and Zoom Virtual Meeting)

Director Alexander motioned to award the Community Focus donations (as follows). Director Rhoades seconded, and the motion carried. The awarded amounts are as follows:

- Telluride Nordic Association, \$1000 SMPA donation.
- San Juan BOCES, \$750 SMPA donation.
- San Miguel Resource Center, \$750 SMPA donation.
- Ridgway Railroad Museum, \$1000 SMPA donation
- Palm Arts, Inc. \$1000 SMPA donation
- UnawEEP Tabeguache Scenic Byway Council, \$1000 SMPA donation.
- Nucla-Naturita Area Chamber of Commerce (NNACC), \$1000 SMPA donation.
- Norwood Parks & Recreation District, \$1250 SMPA donation.
- Tabequache Trail Riders, \$500 SMPA donation.

The next donation review is scheduled for April 2025.

Board Donations

Director Felicelli donated \$500 to the Go Hawkeye Foundation and requested a matching donation request be submitted to Basin Electric.

Director Loczy donated \$100 to the Hoof & Paw Animal Shelter.

Director Rhoades donated \$100 to Silverton Skijoring.

Finance

Financial Review

Manager Lance Lehigh provided an overview of SMPA's financials for November and December. He noted that in November, cash reserves reached the 60-day floor, prompting the need for loan funding in December due to high Treasury rates. Despite a temporary impact on the current ratio from large invoices, financial ratios remained stable. By year-end, cash reserves had rebounded to 69 days, with only minimal loan draws made to manage interest expenses effectively. Additionally, 297 new service connections were completed, and capital credits totaled \$377,000, with the potential for additional allocations from Tri-State. Manager Lehigh also reported that updates to the Time-of-Use billing system are in the final programming stage, with testing scheduled to begin in four to six weeks. He added that the financial audit is underway and, in closing, noted that preparations are progressing as expected.

Marketing & Member Services

Manager Freeman reviewed the Member Services report, noting that the grant for the Ridgway battery project had been extended and an additional \$93,000 in state funding was secured through Austin Engineering. He advised that these funds, originating from state grants, remain unaffected by other financial considerations. Updates on this project will be incorporated into the strategic objective report in the coming months.

Manager Freeman highlighted SMPA's ongoing Beneficial Electrification (BE) promotions, noting significant growth in programs such as outdoor electric power tools and EV chargers and advised that staff would provide additional program details, including year-over-year comparisons, at the February Board meeting. Further discussion addressed net metering and SMPA's capacity limits. It was clarified that net metering applications do not count toward SMPA's 5% cap, with only annual excess energy included. Tri-State's recent analysis suggested that increasing the cap beyond 10% would not be detrimental, and advocacy efforts are underway to raise this limit, which could provide SMPA with greater flexibility in managing renewable energy initiatives.

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
January 28, 2025 (Ridgway and Zoom Virtual Meeting)

Information Technology

Manager Tea reviewed the IT report, discussing a recent meeting with DMEA Dispatch which was attended by several SMPA representatives to review the outage management process and identify areas for improvement, including vegetation management outages and member communication. Manager Tea highlighted the benefits of SMPA's 24/7 dispatch with SCADA capabilities, a rare benefit among cooperatives, enabling faster response times and enhanced service reliability compared to traditional call center models.

Administration & Human Resources

Manager Rodriguez provided a staffing update, noting ongoing recruitment for a journeyman line technician and apprentice, as well as the posting of the Manager of Operations position following Duane's retirement announcement. Manager Rodriguez reported that SMPA's workers' compensation experience modification (eMod) rate has dropped to 0.77, a notable decrease from 1.36 a few years ago. She emphasized that this reduction reflects the cooperative's strong commitment to workplace safety while also lowering costs.

The Board reviewed Policy 109, Delegating of Certain Duties of the Secretary and Treasurer. No updates proposed. Director Loczy motioned to readopt Policy 109, Delegating of Certain Duties of Secretary and Treasure, as presented. Director Alexander seconded. The motion was voted and carried.

The Board reviewed Policy 111, Board Elections. Proposed changes included minor grammatical updates. Director Rhoades motioned to approve Policy 111, Board Elections, with proposed updates. Director Loczy seconded. The motion was voted and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting progress on the Red Mountain project, with materials on order and bidding in progress for summer construction. Annual vegetation management contract renewals are in progress, and contractor selection for Ridgway office safety upgrades is expected soon. He also reported that quarterly inventory cycle counts have enhanced accuracy and streamlined year-end reconciliation.

Opt-Out Meters Presentation

Manager Fox presented on the financial and administrative impact of opt-out meters, noting that participation has declined to 23 accounts since SMPA's AMI deployment in 2012. He outlined rising costs, now at \$123 per meter per month. Manager Zaporski recommended phasing in a rate adjustment over four years, with implementation starting in May alongside the Time-of-Use rate. No new opt-outs would be allowed moving forward. The Board agreed on the need for cost recovery and equitable rates, supporting Manager Zaporski's recommendation to initiate the formal rate change process, including a rate hearing for affected members.

8. BOARD TOPICS

Directors Contact Information on the SMPA Website

The Board discussed concerns regarding the public posting of directors' contact information on the SMPA website, particularly regarding cybersecurity risks and unsolicited communications. It was noted that publicly available personal contact details increase exposure to phishing attempts, malware, and social engineering fraud. The Board directed staff to explore options for removing personal contact details from the website while ensuring directors remain easily accessible to members.

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
January 28, 2025 (Ridgway and Zoom Virtual Meeting)

9. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown had no additional updates on EcoAction Partners beyond the details shared via email, including the annual report. Director Cooney noted that EcoAction's Climate Action Coordinator, Kendra Held, now represents the region on Colorado's EV Readiness Task Force, which monitors state funding for EV infrastructure.

West End Sustainability Plan Committee

Director Loczy provided a brief update on the West End Vision Group, noting that the group refined its mission statements during the most recent meeting. Additional meetings are planned to further develop the group's initiatives.

CREA- Val Szwarc

Director Szwarc provided an update on the CREA Board, noting that a special meeting was held on January 10 to discuss drafting a wildfire mitigation bill for Colorado co-ops. The initiative has faced resistance in the state legislature, with leadership showing little interest in advancing the proposal. Additionally, discussions with Federated Insurance indicated that even if such a bill were enacted, it would likely have minimal impact on insurance premiums or availability. As a result, CREA is reassessing its approach. A regular board meeting is scheduled later this week, where further updates may be provided.

Western United (WU)- Dave Alexander

Director Alexander reported that Western United is on track for another record year, with strong sales and a record December. Inventory levels are rising as long-awaited orders are now arriving. He noted that the transition to the new distribution center has been smooth, providing efficiencies comparable to or better than the previous Denver location. Overall, Western United continues to perform well.

Tri-State- Kevin Cooney

Director Cooney reported that Tri-State's financial outlook remains uncertain due to a federal funding freeze, which could impact its ability to finance new renewable projects. A recent RFP process shortlisted 50 projects, but funding remains a key concern. In December, Tri-State added 140 MW of solar capacity, bringing total renewables to 959 MW as it moves away from coal.

10. ATTORNEY'S REPORT

Director Rhoades made a motion at 1:15 PM to enter into an executive session for personnel and contractual issues. Director Loczy seconded. The motion was voted and carried. The Board entered into executive session at 1:15 PM and came out at 2:11 PM. While in executive session, no decisions were made, nor votes taken.

11. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including CREA's Annual Meeting scheduled for February 8-11, 2025, in Denver, CO and NRECA's TechAdvantage conference scheduled for March 7-12, 2025, in Atlanta, GA.

12. MISCELLANEOUS

Appoint Election Monitor

Director Alexander motioned to appoint Jim Link as the 2025 Election Monitor, with Director Alexander seconding. The motion was voted and carried. Legal Counsel Jim Link accepted the role, noting that his

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
January 28, 2025 (Ridgway and Zoom Virtual Meeting)

responsibilities include assisting staff and Survey & Ballot Systems by providing an impartial review throughout the election process.

Set Date of Record (45 Days Prior to Election Date: April 21, 2025)

Legal Counsel Jim Link provided an overview of the date's significance, explaining that members must be active by April 21, 2025, to be eligible to vote. Members with multiple accounts have until this deadline to designate their primary account for voting. After this date, Link will certify the member list and ballot preparation will begin. Director Alexander motioned to set the date of record for the 2025 election as April 21, 2025, with Director Rhoades seconding. Following discussion, the motion was voted on and carried.

13. NEXT MEETING

The February 2025 regular Board of Directors meeting will occur on Tuesday, February 25, 2025, in Nucla and via Zoom virtual meeting.

The March 2025 regular Board of Directors meeting will occur on Tuesday, March 25, 2025, in Ridgway and via Zoom virtual meeting.

14. ADJOURN

At 2:14 PM, Director Rhoades motioned to adjourn the meeting. Director Alexander seconded. The motion was voted and carried.

Signed by:

Toby Brown

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Toby Brown, Secretary/Treasurer