

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
April 22, 2025 (Nucla)

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 9:01 AM. The meeting was held at the SMPA's Nucla Office location and via Zoom Video/Teleconference. Director Felicelli, Director Alexander, Director Loczy, Director Rhoades, Director Brown and Director Szwarc attended the meeting in person at SMPA's Nucla Office. Director Cooney attended the meeting virtually via the Zoom meeting platform.

3. APPROVAL OF CONSENT AGENDA

Director Alexander motioned to approve the consent agenda (April 22, 2025), including meeting minutes for March 25, 2025.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Manager Zaporski informed the Board of a positive member comment regarding the Time-of-Use (TOU) rate, noting that a Rivian EV owner appreciated how easily the vehicle's charger integrated with SMPA's TOU schedule. The member reported that the charger automatically adjusted to off-peak hours, helping support the grid and reduce costs. Director Cooney further noted that most EVs have apps allowing users to schedule charging during off-peak hours.
- Director Szwarc informed the Board of comments received in his HOA role regarding increased interest in PV installations.
- Director Szwarc also relayed that a Ridgway resident expressed opposition to SMPA extending its wholesale power contract with Tri-State.
- Director Cooney shared a general compliment from a member who appreciated the recent SMPA newsletters and the clarity of the Time-of-Use rate communications, noting that they found the materials more engaging and informative than in the past.
- A member participating virtually expressed concern that the Good Shepherd Ranch (GSR) geothermal project was not included in Tri-State's latest resource portfolio filing. The member urged the Board to pursue power purchase agreement options for the project, citing its small size, strategic value, and regional renewable potential.

Member/Public Comment on AMI Opt-out Program

Manager Zaporski provided an update on the Advanced Metering Infrastructure (AMI) opt-out program, reporting strong member engagement and a successful transition for most participants. SMPA mailed letters and followed up with personal phone calls to all opt-out members. The majority opted to transition to AMI metering after learning about the benefits, while a few chose to remain in the program and accept the associated costs outlined in the new tariff. Manager Zaporski emphasized the importance of meter access for safety and operational purposes and commended staff, particularly the Member Services and Engineering teams, for their extensive outreach efforts. No additional public comments were received during the meeting.

5. STRATEGIC PLANNING

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

Manager Tea and IT Specialist Mark Prezbindowski presented an update on SMPA's Technology Strategic Initiative, highlighting the successful progress of the Meter Data Management (MDM) project and the upcoming launch of the new duplex bill format. The system enables Time-of-Use billing through a software-based approach, avoiding costly meter replacements. Updates were also provided on reducing AMI opt-out meters from 24 to 6 and ongoing work to convert the remaining manual meters. Additional technology updates included the completion of the iVUE software upgrade, the installation of new firewall systems, and the implementation of a fiber redundancy project to improve network resilience across offices. A Starlink pilot for field crews showed promising results for remote connectivity, with the potential to reduce dependence on the existing radio system.

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.

Manager Freeman provided an update on SMPA's strategic objective for member education and engagement, highlighting the newly installed Decker Room Resiliency Hub microgrid in Ridgway—an SMPA-Town of Ridgway partnership funded by a state grant. The microgrid, which powers a portion of the facility with 34 kWh of battery storage, was showcased during the spring Colorado Rural Electric Member Services (CREMS) meeting. Manager Freeman outlined progress in four focus areas: energy literacy, timing of energy use, SMPA tools, and local power. He highlighted the "Timing Matters" campaign, expanded use of SmartHub and Messenger, and ongoing efforts to advance local energy projects under Tri-State Board Policy 115 and the Tri-States Bring Your Own Resources (BYOR) program. Manager Freeman also noted recent outreach that helped members transition off the AMI opt-out program, improving service and reducing costs.

6. CEO ITEMS

Power Supply/FERC (Federal Energy Regulatory Committee) Update

Manager Zaporski provided an update on ongoing Federal Energy Regulatory Commission (FERC) matters, beginning with SMPA's involvement in settlement discussions regarding Tri-State's A41 rate case—the first formula rate SMPA has operated under. He emphasized the complexity of the case and its potential impact, especially concerning how Tri-State charges for radial transmission. If left unresolved, litigation could last three to four years and result in significant financial consequences for SMPA. Manager Zaporski noted that Tri-State is preparing to join the Southwest Power Pool (SPP) organized market within five years, beginning with the Markets+ program. The recent decision by Bonneville Power to also join SPP signals a major shift in power market dynamics and could offer broader access to affordable wholesale power. In addition to the rate case, SMPA is actively monitoring or intervening in several other FERC proceedings, including filings for demand response tariffs (critical for battery monetization), the Wholesale Electric Service Contract (WESC), and a case at the 10th Circuit Court related to Tri-State's contract termination payment. The Board will further discuss settlement authority and thresholds related to the A41 rate case in executive session.

Wholesale Electric Service Contract (WESC)

Manager Zaporski and Director Cooney discussed SMPA's options regarding the proposed extension of its Tri-State wholesale electric service contract. The Board is considering three paths: maintaining the current contract through 2050, adopting updated contract language while keeping the 2050 end date, or adopting the updated

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language and extending the contract to 2066. All three options would allow SMPA to participate in Tri-State's Bring Your Own Resource (BYOR) program and benefit from the revised Board Policy 115, which increases the allowable local generation cap from 5% to 20% of peak load—though associated financial incentives have been reduced. Director Cooney noted that while board policies such as Policy 115 can be revised in the future, contract terms are binding and take precedence. The Board was reminded that Tri-State is requesting a decision by May 20, 2025, and that this is SMPA's final scheduled board meeting prior to that deadline. Further discussion and contractual details will be addressed in executive session.

New ERA Grant Funding Update

Manager Zaporski reported that the New ERA grant is proceeding, with key deadlines tied to Tri-State's BYOR program. A Flexible Supply Agreement is due within 20 days, and the project must be operational by 2028. Further details involving contractual negotiations will be addressed in executive session.

Introduction of Employee Guests

Manager Zaporski introduced Trey Sickels, SMPA's new Apprentice Line Technician based in Telluride, who officially joined the team in March 2025. He noted that Mr. Sickels is a Nucla native with prior experience on SMPA hotline projects through Western Line Builders. Mr. Sickels shared his appreciation for the opportunity, highlighting how SMPA's core values align with his own and expressing enthusiasm for continued growth in the apprenticeship program.

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.

Community Focus Donations

The Board reviewed the application scorecard results. Following review, Director Felicelli motioned to award Community Focus donations as follows. Director Brown seconded:

- Ridgway Chautauqua Society – \$850 SMPA Donation
- Ah Haa School for the Arts – \$500 SMPA Donation
- Telluride Mountain School – \$500 SMPA Donation
- Dominguez-Escalante Expedition Education Project (DEEEP) – \$500 SMPA Donation
- Silverton Creative District – \$700 SMPA Donation
- Montrose West Recreation – \$500 SMPA Donation
- Ouray County Young Life – \$500 SMPA Donation
- Ouray County Soccer Club – \$500 SMPA Donation
- Mt. Sneffels Education Foundation – \$750 SMPA Donation
- Uncompahgre Watershed Partnership – \$500 SMPA Donation
- Ouray Summer Club Golf Tournament Fundraiser – \$500 SMPA Donation
- Telluride Academy – \$500 SMPA Donation
- San Juan Development Association – \$500 SMPA Donation
- Nucla-Naturita Area Chamber of Commerce – \$500 SMPA Donation
- Waterdays Steering Committee – \$500 SMPA Donation
- Fortuna Tierra Club – \$500 SMPA Donation
- San Juan Film Institute – \$500 SMPA Donation

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Following discussion, the motion was amended to include:

- Norwood Public Schools (attn: Shelley Donnellon) – \$500 SMPA Donation

The amended motion was voted on and carried.

The Board discussed potential refinements to the Community Focus donation program. A Board-Staff committee was formed to evaluate possible policy and process updates, with Director Brown and Executive Assistant Davis appointed to serve. No Basin Electric matching requests will be submitted this quarter.

The next donation review is scheduled for July 2025.

Board Donations

Director Alexander donated \$500 to the Norwood Public Schools, attn: Shelley Donnellon, and requested that a matching donation request be submitted to Basin.

Director Felicelli donated \$100 to the Norwood Public Schools, attn: Shelley Donnellon.

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

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

Director Szwarc donated \$100 to the Montrose Sheriff's Posse.

Director Szwarc donated \$100 to the Ouray Mountain Rescue.

Director Szwarc donated \$100 to the Dolores County Search & Rescue.

Director Szwarc donated \$100 to the San Miguel Search & Rescue.

Director Szwarc donated \$100 to the San Juan County Search & Rescue.

Director Szwarc donated \$100 to the Ridgway Community Garden.

Finance

Financial Review

Manager Lehigh reviewed the finance report, noting that SMPA's first quarter financials are tracking close to budget, despite timing differences between billing and peak demand. Cash on hand remains strong, though a capital project draw is expected soon. Kilowatt-hour sales are slightly down, while peak demand continues to rise—a trend attributed to net metering, electrification, and weather variability. Labor costs are under budget due to increased capital work, and administrative and marketing variances are related to legal fees and pending grant reimbursements.

2024 Audit Presentation and Acceptance

Kevin Kelso, CPA, P.C., P.A., reviewed the 2024 audit report with the Board of Directors.

Director Felicelli made a motion at 12:13 PM to enter into executive session to review the 2024 audit report.

Director Brown seconded. The motion was voted and carried. The Board entered into executive session at 12:13 PM and came out at 12:36 PM. While in executive sessions, no decisions were made, nor votes taken.

Director Alexander motioned to accept the 2024 audit report as presented. Director Loczy seconded. The motion was voted and carried.

Marketing & Member Services

Policy 300 Redline – Initial Review

Manager Freeman presented proposed updates to Policy 300 – Rules & Regulations for Board consideration and action at the May 27, 2025, Board of Directors meeting. Proposed changes include clarification of cutoff processes, adjustments to connection fees (including an increase to the after-hours connect fee), and updates to security deposit thresholds and refund language. Additional revisions reflect current technology and practices, such as remote meter disconnects and electronic payments. The Board also discussed potential future updates to address administrative burdens associated with budget billing and payment arrangements.

Legacy Time-of-Use (TOU) Rates

Manager Freeman reviewed changes to SMPA's rate tariffs, including the removal of obsolete legacy TOU rates and the introduction of a new pilot rate for thermal storage. The proposed updates consolidate rate structures and improve clarity for members. Redlined tariff documents have been published for public notice, with adoption proposed for the May 27, 2025, Board meeting in accordance with the required 30-day notification period.

Information Technology

Manager Tea provided a refresher on using the Call to Order platform, including how to access meeting documents, add notes to PDFs, and use the "reference" tab for support materials.

Administration & Human Resources

Manager Rodriguez reported that a current lineman has filled the Ridgway Area Service Technician position. The promotion creates a cascade effect, resulting in a vacancy on the Ridgway crew that will be filled with an apprentice. The Ridgway Member Service Representative (MSR) position is also open and expected to be filled by mid-May. Insurance renewals are in progress, with premiums projected to increase 7–15% as in prior years. An audit of SMPA's accredited apprentice program is upcoming, and preparations are underway.

The Board reviewed Policy 205 – Local Purchase Policy. No changes proposed. Director Loczy motioned to readopt policy 201 as presented. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 204 – Purchase of Automobile. No changes proposed. Director Loczy motioned to readopt policy 204 as presented. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox reviewed his report and advised that a recent outage in Ouray County was caused by vandalism at a substation in a neighboring co-op's territory. The substation was de-energized to complete repairs, and the outage was managed without rerouting through the Red Mountain line due to Tri-State's estimated restoration timeframe. He added that the Forest Service permit for the Red Mountain project has been approved, while CDOT permitting remains in progress. SMPA completed its second inventory cycle count of the year with strong results, and safety staff recently attended the NRECA Safety Summit in Texas.

7. BOARD TOPICS

N/A

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

N/A

West End Vision

N/A

CREA- Val Szwarc

Director Szwarc reported on a proposed CREA letter opposing a last-minute state bill to accelerate the 100% renewable energy goal from 2050 to 2030. Due to poor communication and a short opt-out deadline, SMPA objected to the process and requested to be removed from the letter. SMPA is not taking a formal position on the legislation. Director Szwarc expressed his opinion that there needs to be better coordination between CREA staff and its Board. He also noted that CREA is pursuing a new headquarters, with further discussion expected at an upcoming board meeting.

Western United (WU)- Dave Alexander

N/A

Tri-State- Kevin Cooney

Director Cooney shared that Tri-State filed its updated Energy Resource Plan (ERP) on April 11, 2025. While a "no new gas" scenario was considered, the final plan includes a natural gas plant to meet Level 2 reliability standards. The preferred portfolio also includes new renewable and storage resources. A public comment period is open. Confidential rate forecasts tied to the ERP will be discussed in executive session. The Tri-State Annual Meeting was held in early April 2025, with Board officers re-elected and updates provided on contract extensions and market developments. A disaster and cybersecurity workshop is scheduled for May 2025.

9. ATTORNEY'S REPORT

Legal counsel Jim Link advised that in accordance with SMPA Bylaws, the District 5 and District 7 elections are considered closed. Director Felicelli ran unopposed and is re-elected in District 5. Jake Kurzweil will serve as the new Director for District 7, having been the only candidate to submit a complete nomination packet.

Director Rhoades made a motion at 2:31 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 2:31 PM and came out at 3:59 PM. While in executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities.

11. MISCELLANEOUS

N/A

12. NEXT MEETING

The May 2025 regular Board of Directors meeting will occur on Tuesday, May 27, 2025, in Ridgway and via Zoom virtual meeting.

SMPA's 86th Annual Meeting will occur on Thursday, June 5, 2025, in Ridgway and via Zoom virtual meeting.

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The June 2025 regular Board of Directors meeting will occur on Tuesday, June 24, 2025, in Nucla and via Zoom virtual meeting.

14. SUSPEND MEETING

At 4:02 PM, Director Brown motioned to adjourn the meeting with respect to all agenda items except item 6.a.ii. Wholesale Electric Service Contract (WESC) Extension and reconvene on May 19, 2025, at 3:00 PM to further discuss and vote on the Wholesale Electric Service Contract Extension. Director Szwarc seconded the motion. The motion was voted and carried.

15. RECONVENE

At 3:00 PM on May 19, 2025, President Felicelli reconvened the April 22, 2025, regular Board of Directors meeting for continued discussion and action on agenda item 6.a.ii regarding the Wholesale Electric Service Contract (WESC) Extension.

Director Alexander motioned to enter into executive session to discuss contractual matters. Director Loczy seconded. The motion was voted on and carried. The Board entered into executive session at 3:02 PM.

The Board entered into executive session at 3:02 PM and came out at 3:31 PM. While in executive session, no decisions were made, nor votes taken. Following the executive session, Director Brown motioned to recuse Director Cooney from the vote on the Wholesale Electric Service Contract (WESC) Extension, citing a conflict of interest due to his role as SMPA's representative on the Tri-State Board. Director Alexander seconded. The motion was voted on and carried.

Following the recusal, Director Loczy motioned to approve adopting the new terms of the WESC without extending the contract beyond 2050 (option 2). Director Alexander seconded. The motion was voted on and carried, with all six participating Directors in favor. Director Cooney was excused from the vote.

16. ADJOURN

At 3:35 PM, Director Rhoades motioned to adjourn the reconvened April 22, 2025, Board of Directors meeting. Director Alexander seconded. The motion was voted on and carried.

Signed by:



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Toby Brown, Secretary/Treasurer