

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
July 22, 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. All Directors attended the meeting in person at the Ridgway Office location.

3. APPROVAL OF CONSENT AGENDA

Director Loczy motioned to approve the consent agenda (July 22, 2025), including meeting minutes for June 23, 2025, and ratification to authorize staff to pursue financing options for SMPA's portion of CREA's new headquarters purchase. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Felicelli reported receiving several member comments regarding the Time-of-Use (TOU) rates, noting that most feedback has been positive, with members expressing an understanding that the change was necessary.
- Director Loczy reported that a member contacted him with a safety concern regarding a neighbor's property. Director Loczy referred the member to SMPA staff for follow-up, and it was confirmed that the issue was on the consumer side of the meter.
- A member participating virtually expressed interest in the planned location for the battery component of the Rico Microgrid Project, seeking to ensure it would not conflict with a planned grant-funded geothermal drilling project in the area.
- A member participating virtually provided comments regarding electric cooperative capital credits, offering a comparison between electric cooperatives and investor-owned utilities, and expressing views on cooperative structure, customer investment, and capital credit practices.
- Manager Zaporski noted that additional member comments were included in the Board packet for the Board's review.

5. CEO ITEMS

Power Supply/FERC (Federal Energy Regulatory Committee) Update

Manager Zaporski provided an update on SMPA's power supply proceedings before the Federal Energy Regulatory Commission (FERC), noting that Basin Electric has objected to Tri-State's proposed changes to Policy 115, which would increase the self-generation cap from 5% to 20%, citing contractual concerns. Until FERC issues a decision, SMPA will remain limited to the current 5% cap to avoid potential economic penalties. He also discussed Basin Electric's recent actions to remove itself from FERC jurisdiction and related disputes with Tri-State, noting the potential for prolonged litigation. Manager Zaporski highlighted Tri-State's development of a High Impact Load Tariff for large loads of 80 megawatts or more to manage financial and operational risks. He

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also provided a brief update on the demand response tariff and noted that a settlement hearing is scheduled for July 29, 2025, with further discussion to occur in executive session.

New ERA Grant Funding Update

Manager Zaporski advised that the Rural Utilities Service (RUS) contacted staff regarding SMPA's New ERA grant application and has provided the underwriting packet for review. Updated economic analysis and community benefit documentation will be submitted. He noted the Montrose County solar moratorium continues to delay permitting, with a decision from the County Commissioners expected within weeks. The project developer remains optimistic about securing the Investment Tax Credit (ITC), though meeting the BYOR tariff's Commercial Operation Date (COD) will require the Montrose County Commissioners to approve the necessary special use permit in accordance with project timelines.

Budget and Rate Calendar Review

Manager Zaporski reviewed the budget and rate-setting calendar, noting the process was revised to allow opportunities for membership engagement. The Board will hold a budget work session on October 14, 2025, to review the proposed budget and rate options, with the goal of approving the budget at the regularly scheduled October meeting. A proposed rate, based on the approved budget, will then be sent to members for review, with a public comment period to occur at the beginning of the November meeting prior to final rate approval. He emphasized that the timeline is critical to implementing any rate changes by January 1, 2026. Discussion included anticipated wholesale rate increases from Tri-State, potential impacts on SMPA's rate structure, multi-year access fee adjustments, and the importance of reflecting cost causation in rates.

Introduction of Employee Guests

Manager Zaporski introduced Jodi Armendariz, SMPA's new Member Service Representative (MSR) based in Ridgway. Ms. Armendariz previously worked with DMEA and local Internet Service Provider ClearNetworkx, bringing customer service and cooperative experience to her new role. She shared that she is from Delta and is completing her master's degree. The Board welcomed her and expressed appreciation for her joining the team.

Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Mike Therriault, Engineering Supervisor; Kelly Truelock, Senior Staff Accountant; Jackie Sinclair, GIS Specialist; Eric Pottorff, Operations Manager; Keli Busch, Plant Accountant; Dustin Smuim, Fleet & Facilities Supervisor; Paul Hora, Key Accounts Executive and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Employee Recognition Award Presentation

Manager Tea presented an Employee Recognition Award under the category of SMPA Image to Member Service Representative (MSR) Candida Fierro for her professionalism, personalized service, and valuable Spanish language skills, which have strengthened communication with members and supported multiple departments. The recognition program allows employees to nominate peers, making the acknowledgment especially meaningful. Ms. Fierro was commended for maintaining a positive attitude and providing exceptional support while serving as the sole MSR for an extended period.

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:

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- All Point Transit – \$500 SMPA Donation and apply for \$500 Basin Match.
- San Miguel Basin Rodeo Committee - \$750 SMPA Donation and apply for \$750 Basin Match.
- The Home Trust of Ouray County - \$500 SMPA Donation
- Ouray Public Library - \$750 SMPA Donation
- West End Family Link - \$700 SMPA Donation
- West End Family Link - \$2,000 SMPA Donation and apply for \$2,000 Basin Match.
- Safer More Affirming Communities (SMAC) - \$500 SMPA Donation
- Montrose West Recreation (MWR) - \$750 SMPA Donation
- Ridgway Pickleball Club - \$250 SMPA Donation
- Apple Core Project/SWIRL - \$500 SMPA Donation
- Nucla-Naturita Area Chamber of Commerce (NNACC) - \$750 SMPA Donation

The next donation review is scheduled for October 2025.

Board Donations

Director Brown donated \$200 to the West Region Wildfire Council.

Director Brown donated \$200 to the Koto Radio/San Miguel Education Fund.

Director Cooney donated \$200 to the Koto Radio/San Miguel Education Fund.

Director Felicelli donated \$100 to the Koto Radio/San Miguel Education Fund.

The total director donation to Koto Radio/San Miguel Education Fund is \$500, with a request to submit for a matching \$500 donation from Basin.

Finance

Board Education

Manager Lehigh reviewed the Key Ratio Trend Analysis (KRTA) provided annually by CFC, highlighting SMPA's financial standing compared to peer co-ops in Colorado, Tri-State members, and co-ops nationwide. He discussed key measures such as distribution equity, debt service coverage, and consumer growth, noting that SMPA continues to perform well overall, though equity levels are expected to dip with planned Red Mountain debt financing. He emphasized the importance of structuring rates to cover grid costs independent of kilowatt-hour sales. Manager Zaporski also shared insights from attending the CFC forum, noting its value for relationship building as SMPA evaluates long-term lending partnerships.

Financial Review

Manager Lehigh reported that June revenues were near budget while purchase power costs remain elevated due to Tri-State demand charges. At mid-year, operating and net margins are ahead of projections, and cash on hand stands at 62 days following planned project expenditures and a subsequent loan draw.

2024 Capital Credit Allocation

Manager Lehigh reviewed capital credits/member dividends and proposed moving forward with a total allocation of \$2,059,292 for 2024. (\$643,892 cooperative bucket and \$1,415,400 from the G&T bucket). Following the discussion, Director Brown motioned to allocate \$2,059,292 in capital credits/member dividends for 2024. Director Alexander seconded. The motion was voted and carried.

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Marketing & Member Services

Manager Freeman reported that SMPA will issue an RFP in mid-August for the Rico and Ridgway battery storage projects. He announced the August launch of the Electrify SMPA on-bill repayment program, developed in collaboration with Tri-State and the Colorado Energy Office (CEC) to promote beneficial electrification measures such as heat pumps. He also noted the Ridgway carport solar project has been reissued for bid, ongoing discussions on potential community-scale solar in Silverton, and CoBank's \$15,000 Sharing Success contribution for 2025.

Information Technology

Manager Tea reported that SMPA has transitioned its meter data management system to Amazon Web Services, improving reliability and speed. He also noted recent firewall and Internet upgrades, with a more detailed update planned for next month. Regarding cybersecurity, he confirmed SMPA has not been impacted by the recent Microsoft server bug, though Tri-State has restricted access to its Member Information Center as a precaution.

Administration & Human Resources

Manager Rodriguez announced the promotion of Byrd Williams to Service Planning Supervisor, noting his 18 years with SMPA and extensive planning experience in the Telluride and Nucla areas. Two vacancies remain, including a crew position in Ridgway and an engineering planning position created by Byrd's promotion.

The Board reviewed Policy 302 – Interconnection Policy. Minor grammatical updates proposed. Director Loczy motioned to readopt policy 302 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 308 – Beneficial Electrification Rebates. Minor grammatical updates proposed. Director Cooney motioned to readopt policy 308 as presented. Director Kurzweil seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox reported on wildfire precautions, noting SMPA has shifted system settings to non-reclose mode to reduce fire risk, which may result in longer outages for members. Crews recently protected assets near the Deer Creek Fire, and AI cameras continue to assist with fire monitoring. Updates were provided on the Red Mountain project, which is scheduled to ramp up in late August with helicopter and pole set work. Ridgway office upgrades are scheduled to begin in early August. SMPA's transition to Novo Utility Services for locate work has been well received, and inventory cycle counts continue to show improved accuracy.

He further highlighted SMPA's strong safety record, with four and a half years without a lost-time accident, recognized by CREA at its recent Loss Control Safety Conference. Manager Fox also provided an update on the Ames Hydro facility, noting structural repairs are complete but further work is required; SMPA will continue contract discussions to ensure the facility returns to commercial operation before maintaining its allocation.

6. RECESS 12:20 PM – 2:31 PM

At 12:20 PM, the Board recessed for lunch and Director training. The public meeting and Zoom session resumed at 2:31 PM.

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7. BOARD TOPICS

SMPA's Role in EV Charger Infrastructure

Key Accounts Executive Paul Hora presented an overview of EV charging in SMPA's service territory, highlighting current and planned installations, challenges with cost and maintenance of fast chargers, and gaps in high-tourism areas such as Telluride and Ridgway. The Board noted that while additional Level 3 chargers could benefit travelers, high costs remain a barrier, and managed charging programs may be considered in the future to reduce on-peak demand.

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown reported that Eco-Action Partners recently supported food banks with 1,500 pounds of surplus festival food and facilitated regional cleanup events that diverted over 23,000 pounds of e-waste from landfills. He noted that the Telluride Foundation awarded a \$60,000 grant to help offset the loss of an EPA grant and that the Green Grants program will distribute \$325,000 locally for sustainability initiatives.

West End Vision

Director Loczy reported that West End Vision has moved from idea development into planning and implementation. Recent discussions focused on strategies to address vacant housing and other community needs, with the goal of developing actionable plans in the coming months.

CREA- Val Szwarc

Director Szwarc reported that CREA has closed on new office property, with SMPA among the member co-ops that prepaid to support the purchase. Remodeling is planned, with board meetings expected to be held there later this year. He also noted stakeholder discussions regarding draft legislation that could move Colorado's 100% renewable energy target from 2050 to 2040.

Western United (WU)- Dave Alexander

Director Alexander noted no formal meeting but mentioned an upcoming fish fry event. Manager Zaporski reported ongoing delivery issues since the warehouse transition to Albuquerque and is addressing the matter with Western United's CEO.

Tri-State- Kevin Cooney

Director Cooney reported that Tri-State supplied 55% of member load with renewables in May and 47% year-to-date, reflecting significant growth over recent years. He provided updates on Tri-State's resource plan under review by the Colorado PUC, noting debate over the inclusion of a new gas plant versus increased renewable and battery resources. He also highlighted the high costs of coal generation at Craig Station compared to current wind and solar contracts, with Tri-State planning to retire its last Colorado coal plant by 2028. Tri-State expects to reach 70% renewable supply before the end of the decade and will join the Southwest Power Pool (SPP) next year.

9. ATTORNEY'S REPORT

Director Loczy made a motion at 2:57 PM to enter into an executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 2:57 PM and came out at 3:41 PM. While in executive session, no decisions were made, nor votes taken.

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10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities. Director Cooney reported on his recent participation in NRECA's Summer School for Directors, noting that courses on power supply decision-making and providing feedback to CEOs were informative and well-facilitated. Directors Felicelli and Loczy confirmed plans to attend CREA's Summer School for Directors in Vail, August 1–3, 2025.

11. MISCELLANEOUS

The Board discussed that SMPA's annual Company Picnic is scheduled for Saturday, August 16, 2025, at the Pa-Co-Chu-Puk Group Site. All employees and Board members are invited to attend.

12. NEXT MEETING

The August 2025 regular Board of Directors meeting will occur on Tuesday, August 26, 2025, in Mountain Village Town Hall and via Zoom virtual meeting.

The September 2025 regular Board of Directors meeting will occur on Tuesday, September 23, 2025, in Silverton's Grand Imperial Hotel and via Zoom virtual meeting.

13. ADJOURN

At 3:46 PM, Director Alexander motioned to adjourn the meeting. Director Kurzweil seconded. The motion was voted on and carried.

Signed by:

Toby Brown

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Toby Brown, Secretary/Treasurer