

1. CALL TO ORDER

President Felicelli called the regular meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:05 AM. The meeting was held via Zoom Video/Teleconference. All Directors were present via teleconference.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (May 25, 2021). Director Alexander seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Rhoades advised he had received questions regarding the outage timeframe in a transformer equipment failure event. Manager Zaporski commented that due to the size and voltage levels, the transformer being discussed belongs to Tri-State and is referred to as a high-side transformer. In the event of a Tri-State high-side transformer equipment failure, the option to restore power is to bring in a mobile substation. Manager Zaporski discussed the logistics associated with bringing in a mobile substation to a remote location, including permitting to shut down roads, travel restrictions due to the size and length of the mobile substation tractor, noting these logistics take time and could result in a multi-day outage.
- Director Rhoades conveyed member's appreciation for the crews' dedication and hard work to restore the power in Silverton.
- Director Garvey stated a member had contacted her regarding the history of SMPA. SMPA's 75th Anniversary book, *The Legacy of Light*, includes SMPA's history, and a copy will be sent to the member.
- Director Felicelli reported that the Telluride Fire Department is considering installing a solar array on the Fire Station in Mountain Village.

4. BOARD TOPICS

West End Transition Funding Committee Update

The West End Transition Funding Committee consists of Director Garvey, Director Cooney and Director Cokes. The Committee has narrowed its research efforts to closely monitor several developing initiatives that may lead to funding opportunities. The Committee is following the State of Colorado Just Transition Bill, State of Colorado Legislation, the Federal Just Transition efforts, and engaging with CREA and Tri-State to explore options that could further assist the West End with Transition Funding opportunities. Director Cokes provided an overview of potential funding opportunities through the American Rescue Plan.

5. STRATEGIC PLANNING UPDATE

Fully Optimize All Technology- Doug Tea

Manager Tea reviewed the strategic initiatives that were developed to achieve fully optimizing all technology. Manager Tea noted the initiatives, a concentration on cybersecurity, developing a documented Information Technology Emergency Response Plan (ITERP), implementing budgeted software projects, and focusing on optimizing and leveraging current technologies are all on target, progressing in alignment with targeted timelines. Manager Tea highlighted the completion of the Operations Analytics (OA) software installation. The OA software merges Advanced Metering Infrastructure (AMI) data with the Geographic Information System

(GIS) for Analytics. It provides an efficient method to gather raw data and convert it into a format that can be readily analyzed. The data will assist staff with load analysis and load balancing, amongst other things.

Engineering Supervisor Mike Theriault reviewed the initiatives identified to further develop the Crisis Management Plan (CMP). Initiatives include an update and expansion to SMPA's existing Emergency Restoration Plan (ERP), staff education, blue sky exercises and a focus on mitigating supply chain disruptions. Mr. Theriault informed the Board of the progress made, discussed the next phase and steps the team will be concentrating on, and reviewed timelines associated with each initiative.

6. CEO REPORT

CEO. Items

Power Supply Update

Manager Zaporski reported SMPA's involvement in the Stated Rate case filed with the Federal Energy Regulatory Commission (FERC) has led to an uncontested settlement with Tri-State. Pending final FERC approval, the settlement will result in a 2% wholesale rate decrease as of March 2021, with a 2% wholesale rate decrease scheduled for 2022. Manager Zaporski explained the savings in wholesale rate expense will be used to support reliability projects and fire mitigation projects. Manager Zaporski advised the Board that FERC cases regarding obtaining a Contract Terminate Payment (CTP) or a Buy Down Payment (BDP) methodology are still in settlement discussions. Manager Zaporski informed the Board that the Open Access Transmission Tariff (OATT) is the rate Tri-State charges for the use of their transmission if you are not a member, noting the FERC case regarding Tri-States OATT is also in review. Manager Mertz informed the Board SMPA staff submitted a BDP application to Tri-State for the full amount of possible partial requirements while still retaining a Board seat. Tri-States current BDP policy allows 35% of power to be purchased outside Tri-State to maintain a Board seat. However, there is a discussion that the policy, pending Tri-State Board approval, will be revised to allow up to 50% power to be purchased outside Tri-State. The BDP application submitted reflects a 50% purchase level, with a caveat that if that level is not approved, the application will be amended to the highest level allowable while still retaining a Tri-State Board seat.

Legislative Update

House bill 21-1131: Cooperative Electric Associations Governance Requirements

Manager Zaporski provided a brief synopsis of HB 21-1131 that recently passed. Manager Zaporski noted that many of the updates defined in the bill regard transparency; the impact on SMPA is minimal as many of the identified elements have been part of the SMPA process for years. However, one aspect of the bill that is new to SMPA is that it provides an option, not a requirement, to authorize electronic voting and participation in elections and annual meetings. Manager Zaporski informed the Board if SMPA decides to incorporate electronic participation, it will require provisions to the bylaws that allow it. Manager Zaporski also highlighted that HB 21-1131 contains a provision regarding fiduciary duties of the cooperator director that also serves on the Tri-State Board; the provision states the director shall not be required to prioritize one association over the other. However, it was discussed that while the language addresses fiduciary responsibility, it does not address duty of disclosure or duty of confidentiality topics.

COVID-19 Discussion

Manager Zaporski reported that staff members are currently quarantined related to COVID19. He added that having crews out of rotation will cause some delays in workflow; however, we can handle it through redirecting staff from other locations to assist in the short-staffed area.

Introduction of Employee Guests

Phil Zimmer, Energy Services Executive; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Staff Accountant; Joshua Hainey, Senior Staff Accountant and Mike Therriault, Engineering Supervisor, were in attendance at the webinar meeting.

Community Focus Donations

The next donation review is scheduled for July 2021.

Board Donations

Director Felicelli donated \$500 to Go Hawkeye.

Director Cokes donated \$300 to Second Chance Humane Society.

Director Cooney donated \$100 to Second Chance Humane Society.

Director Alexander donated \$100 to Second Chance Humane Society.

Finance Update

Manager Mertz reviewed the financial report, highlighting the change in inventory evaluations is a result of staff's responsive measure to increase inventory to address supply chain issues caused by COVID19.

Form 990 Hours

Manager Mertz stated the Form 990 is the co-ops tax return. In addition, the tax returns include a report of Director hours logged on behalf of the co-op. Mr. Mertz advised the Board to continue to be mindful of time spent on topics and interactions related to the co-op for reporting purposes.

Cost of Service Light

Manager Mertz provided a brief overview of the cost-of-service study and rate design process. Manager Mertz informed the Board the fundamental basis for rate-making is cost recovery, highlighting that cost causers are cost payers and cost causation equals rates. Manager Mertz reviewed the typical aspects considered when designing rates, including ensuring continuity between rates, that rates are fair and equitable, easy to explain and administer, promote efficient use, financially adequate, rates reflect cost causation and avoid abrupt changes. Manager Mertz explained cost structure components include fixed and variable costs and noted the importance of rate structure aligning with the cost structure. Manager Mertz added that the evolving landscape of the energy industry will result in additional aspects to consider when designing rates, including assessing the changing power supply opportunities, the evolution of Distribution System Operator (DSO), reliability and resiliency topics, and the impact technological advances may have on margin erosion.

EV Rate 101

Manager Mertz and Manager Freeman communicated that it is projected that by 2030 around 9.6 million charging ports will be in service to charge Electric Vehicles (EV). Mr. Mertz introduced the idea of developing a pilot program to establish an EV Rate, noting a pilot program would allow time to gather data to analyze in order to make a data-driven decision in the future. He highlighted that EV Rate includes a new factor to be considered when developing rates: the Distribution System Operator (DSO) element to administer the demand-side and the supply-side management. Manager Mertz and Manager Freeman identified three EV Rate classifications, including a residential, public, and fleet category, and provided an overview of possible rate structure options for a pilot program.

Marketing & Member Services

Net Metering Analysis Presentation

Manager Freeman communicated that SMPA's current net metering policy follows the Colorado State net-metering law that limits PV systems to 10kW for residential and 25 kW for a commercial system, noting any system in excess of these amounts require Board approval. Manager Freeman noted SMPA currently has 375 installed net meter systems, of which 8.7% are above policy limits. Manager Freeman reviewed the process utilized to account for net metering, discussed how SMPA is billed for demand costs from Tri-State and shared the methodology used to calculate the cumulative gross margin erosion associated with net metering. Manager Freeman reported staff will propose solutions and policy updates at the June Board of Directors meeting that will help address margin erosion caused by net metering systems.

Budget Billing Meter Reading Update

Manager Freeman reported staff is still gathering information on system functionality and the possibility to integrate the smart meter opt-out fees into the budget billing program.

Information Technology

Manager Tea did not have anything to add to his report.

Administration & Human Resources

Human Resource and Administration Coordinator Danielle Rodriguez reviewed her report, adding that the team is preparing for upcoming union negotiations.

The Board reviewed Policy 303, Net Metering Policy. Following discussion, Director Rhoades moved the policy be re-adopted as presented. Director Cokes seconded. The motion was voted and carried.

Engineering

Manager Fox reviewed his report, highlighting that work on Red Mountain has begun. Staff has been performing outreach communications with key stakeholders to keep all parties updated on the project, including creating a dedicated webpage to host project overview and updates.

Operations

Manager Oliver reviewed his report, highlighting that the crews continue to be very busy.

Safety and Regulatory Compliance

Paul Enstrom, Safety and Regulatory Compliance Coordinator, did not have anything to add to his report.

9. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes reported that many bills are being discussed that could impact the electrical utility industry, commenting that CREA anticipates bills they favor to move forward in the legislative process. Director Cokes remarked that she will be traveling to Denver to attend the next CREA Director meeting in person.

Western United- Dave Alexander

Director Alexander reported Western United continues to do well with another record-breaking month in March. Western United is managing inventory and prioritizing equipment orders for members.

Eco-Action- Kevin Cooney

Director Cooney reported Eco-Action is experiencing high levels of participation in programs such as the Green Business and Green Lights programs. Spotlighting that the IQ Weatherization Program has targeted completing 30 homes in 2021, and the organization has already completed a dozen homes.

Tri-State- Kevin Cooney

Director Cooney reported that Tri-State Board is considering a change to bylaws that would allow partial requirements contract members to purchase up to 50% of their capacity outside Tri-State and maintain a Board seat. This change would be an adjustment from the current 35% restriction. If the Board approves the bylaw change, it will be voted on at the August membership meeting. Another bylaw amendment that will be discussed is defining the limit on the number of non-utility members to 10; if approved by the Board, the bylaw change will be voted on at the August membership meeting. Director Cooney advised the Board that FERC's denial of Tri-State's Board Policy 125 regarding CTP methodology and processes was rejected without prejudice which means that Tri-State can go back and try to address the issues.

10. ATTORNEY'S REPORT

Jim Link, Legal Counsel, reviewed a modification to the election procedures that allows District 7 voters an in-person voting option. The in-person voting locations will be 706 Green Street, Silverton CO or 917 Main Street, Ouray CO, between the hours of 3:30 PM – 5:00 PM on June 10, 2021, and is in addition to the mail-in or ballot box drop-off options. Voting locations will be staffed by the Independent Election Monitor and Independent Election Monitor staff.

Director Rhoades made a motion to approve a modification of election procedures that allows the addition of in-person voting on June 10, 2021, from 3:30 PM to 5:00 PM at 706 Green Street, Silverton CO or 917 Main Street, Ouray CO. Director Cokes seconded. The motion was voted and carried.

Director Brown made a motion at 2:02 PM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 2:02 PM and came out at 2:32 PM. While in the executive session, no decisions were made, nor votes taken.

Following the executive session, Director Garvey motioned to approve the GM/CEO contract as discussed in the executive session. Director Alexander seconded. The motion was voted and carried.

11. BOARD TRAVEL

N/A

12. MISCELLANEOUS

N/A

13. BOARD CALENDAR REVIEW

The Board reviewed upcoming training opportunities that are occurring virtually.

12. NEXT MEETING

The next regular Board of Directors meeting will be held Tuesday, June 22, 2021, in Ridgway and Via Zoom.

The July 2021 meeting will occur on Tuesday, July 27, 2021, in Nucla and Via Zoom.

13. ADJOURN

Director Brown motioned to adjourn the meeting at 2:42 PM. Director Cooney seconded. The motion was voted and carried.



[Doyleene Garvey \(Jun 22, 2021 19:37 MDT\)](#)

Doyleene Garvey, Secretary/Treasurer