

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
Cortez, Colorado
June 17, 2021

General Manager Josh Dellinger welcomed everyone to the Empire Electric Association, Inc. ("EEA") annual meeting.

Dellinger began the meeting by recognizing any past or present military and law enforcement members.

The Invocation was provided by Director Norman Butler and Pledge of Allegiance was provided by Director Larry Archibeque.

President David Sitton explained the process used when a member wishes to speak at the annual meeting.

President Sitton called the meeting to order at 5:34 p.m.

President Sitton introduced the Board of Directors as follows: District 6, President David Sitton. District 5, Vice President Kent Lindsay; District 1, Secretary-Treasurer Jerry Fetterman (Tri-State board representative); District 2, Bob Barry (Utah Rural Electric Association and Western United board representative); District 3, Audra Fahrion; District 4, Norman Butler; and District 7, Larry Archibeque (Colorado Rural Electric Association board representative).

Attorney Shay Denning introduced the election judges: Elena Pricket, Ruby Gonzales, and Bobbe Jones. She announced the candidates for each district: District 1 – Craig Wickstrom, Jerry Fetterman and Allen Maez; District 2 – Bob Barry. Since there were no other candidates running for District 2, she declared Barry the winner of District 2. She reported on the voting procedures and provided notice for any late voters. Seeing that there were no members that still needed to vote, Denning then closed registration and the election judges started tallying final results.

Secretary-Treasurer Jerry Fetterman presented the quorum report. He announced that the number of members present required to constitute a quorum is 50 and the number of members present at the meeting was 53. A quorum was declared, and the meeting was officially opened for business.

Secretary-Treasurer Fetterman presented the Official Notice of the Annual Meeting and certification of its mailing along with Proof of Publication of the Notice of Meeting as published in the area newspapers in accordance with EEA's Bylaws.

President Sitton called for approval of the minutes of the October 8, 2020 annual meeting held in Cortez, Colorado. Dan Neely moved to approve the minutes as presented, seconded by Larry Dozier. Motion carried.

President Sitton welcomed and thanked the members, board, employees, and guests for attending. He recognized the passing of Former Director John Porter and Director Bill Bauer. He mentioned that Audra Fahrion was selected by the board for the open District 3 position. Sitton stated that EEA was able to stay in strong financial shape during the pandemic. He talked about the Tri-State rate decrease and that the

board elected to pass that decrease back to our members. The board also approved a rate structure change. Sitton explained that the new rate design allows the cooperative to better align our rates with the services we provide and that our goal is not to raise revenue but to distribute the costs more fairly. EEA has made a lot of effort in educating the community regarding these rate changes. He commended Member Engagement Manager Andy Carter for his communication efforts on the new rate structure. Sitton read a couple of negative comments that he had seen on social media and explained how those comments did not accurately reflect the new rate structure. He explained that the members will now have options to choose from and will have the opportunity to reduce their bills by planning how they use electricity. Our goal is not to harm the membership but to be fair and provide members with more control over their bills. As a member owned cooperative, we are all in this together. What affects the membership, affects the board and the employees the same way.

Secretary-Treasurer Jerry Fetterman discussed the 2020 financials. Fetterman thanked Financial Manager Ginny Johnson for providing him the data needed for his report. He stated that 2020 was a turbulent year but despite all the challenges, EEA ended the year in a strong financial position. He discussed the financial numbers and explained that even though revenue was down, so were expenses. He explained that we exceeded our internal financial goals and loan covenants. He stated that \$2,797,868 was refunded back to our members in capital credits in 2020 and EEA has refunded over \$34 million in capital credits in its history.

General Counsel Shay Denning discussed what her firm does for EEA. She spoke of the changes that this last year has brought and how her firm has learned from them. She mentioned the changes that have occurred on the EEA Board of Directors with the loss of two great men, John Porter and Bill Bauer and she expressed her sympathy to their families. She welcomed the new Directors Audra Fahrion, Larry Archibeque, and Norman Butler to the Board of Directors and stated that she looks forward to working with them. Denning noted that she has assisted in EEA's intervention in Tri-State's Electric Resource Plan case at the Colorado Public Utilities Commission. She has also worked with EEA on several contracts, attended the EEA Board meetings, and worked with staff to ensure that EEA is protected as it goes about its day-to-day business. She stated that EEA continues to be a strong cooperative organization that works hard to provide its members with affordable, reliable, and responsible power.

General Manager Josh Dellinger thanked the Board, the employees, and the members for working so cooperatively together through a very challenging year of 2020. He stated that challenges are not new to electric cooperatives. With hard work from our employees, keen oversight from our board, and strong support from our members, we have been able to overcome past challenges and stand ready to face whatever challenges the future holds. He noted that our mission statement is to safely, responsibly, and reliably meet the electrical energy needs of our member-owners. He discussed the importance of safety in our business and noted that EEA employees workday in and day out to keep themselves and the public safe. He noted that EEA's reliability was very strong at 99.98% in 2020. He discussed two projects that we are working on that will make our system even more reliable: reconductoring a few miles of distribution line to increase our ability to back feed Towaoc and establish a delivery point at the Pinto substation as a backup for the Monticello area. Dellinger noted that responsibly meeting the electrical energy needs of our members included ensuring our rates are as low as practical. Dellinger discussed that there were no rate increases in 2020 and we are planning a decrease in 2021 to pass along the Tri-State rate reduction. In addition to that decrease, September bills will show a bill credit that will reflect each member's savings from March until September. He also noted the upcoming rate structure change. He

stated that we have been communicating these rate structure changes in many ways, such as rate forums and articles in the Colorado Country Life. He explained the difference between all energy rate and the time of use and demand rate. The new rates will be effective as of September 1, 2021. He explained to the members that if they don't contact Empire, they will automatically be placed on the time of use and demand rate. If they try out a rate and would like to change, they will have the option to do so. He also mentioned that we are in the process of changing to a new billing system. Bills will look a little different, but the information will be the same. Dellinger then introduced Brad Nebergall with Tri-State.

Tri-State Senior Vice President – Energy Management Brad Nebergall explained who Tri-State is and what they do. Empire is one of the 45 members that own Tri-State. He stated that Tri-State is in the process of transitioning from fossil fuel generation to more less carbon emitting resources. He mentioned that several of their coal plants across the industry will be closing. He discussed some of the issues that Texas and California have been having with rolling brownouts and high prices for electricity. Tri-State's goal is to safely deliver reliable power to its members. Nebergall noted Tri-State's recent rate decrease announcement and said that Tri-State has a goal to reduce rates even further. He also noted that Tri-State returned \$30 million in capital credits back to its members last year. He described Tri-State's Responsible Energy Plan and mentioned renewable projects Tri-State is pursuing. Two of the new solar projects will be in Empire's service territory. These will be their first two projects with bifacial panels. He also discussed the steps Tri-State has done to allow members flexibility in their power purchase contracts. He noted that last year was Tri-State's first year under Federal Energy Regulatory Commission (FERC) regulation. Having one regulatory body instead of four different states vying for regulation positions Tri-State for success in the future.

President Sitton called for questions or comments on any of the reports. Susan Kemnetz asked about the rate structure and if she could get past usage data so she can evaluate which rate option will be best for her. Member Engagement Manager Carter explained that he will work with her to get that information and help her with the analysis. He also encouraged any other members who had questions about their past usage to contact EEA.

President Sitton called for unfinished business to be presented. There is no unfinished business.

President Sitton called for new business to be presented. There is no new business.

President Sitton called for questions, comments, or suggestions from the audience. There were none.

The election results were finalized and presented by General Council Shay Denning.

District 1

Craig Wickstrom	814	
Jerry Fetterman	1084	Declared the winner for District 1
Allen Maez	506	

District 2

Robert A. Barry	1822	Declared the winner for District 2
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Member Engagement Manager Andy Carter conducted the general prize drawing. The prizes awarded to our members were: three Solar Assist Cooperative Garden Certificates, two \$25.00 Bill Credits, and an Electric Lawn Mower donated by Tri-State.

President Sitton adjourned the meeting at 6:33 p.m.

ss/David Sitton, President

ss/Jerry Fetterman, Secretary/Treasurer