

EMPIRE ELECTRIC ASSOCIATION, INC.
UNAPPROVED MINUTES
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
Cortez, Colorado
June 15, 2023

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. He also recognized Tri-State CEO Duane Highley, Tri-State Relationship Manager Michelle Pastor, and URECA Executive Director Nathaniel Johnson.

The Invocation was provided by Director Norman Butler and Pledge of Allegiance was led 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 5:35 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, Western United and FastTrack board representative); District 3, Corey Robinson; District 4, Norman Butler; and District 7, Larry Archibeque (Colorado Rural Electric Association board representative). Director Bob Barry was absent.

Attorney Tyler Denning introduced the election judges: Elena Pricket, Ruby Gonzales, and Mark Winkles. He announced the candidates for District 5: Elise Goggin and Kent Lindsay; and for District 6: Jennifer Magnuson and David Sitton. He reported on the voting procedures and asked if there were any members present who had not voted yet but would like to. Seeing that there were no members who still needed to vote, Denning closed registration.

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 95. A quorum was declared, and the meeting was officially opened for business.

Secretary / Treasurer Fetterman presented the Notice of Meeting and Proof of Publication for the Annual Meeting.

President Sitton called for approval of the minutes of the June 23, 2022 annual meeting held in Cortez, Colorado. Dan Neely moved to approve the minutes as presented, seconded by Heidi Brugger. Motion carried.

President Sitton gave the president’s report. He began by thanking the board for their confidence in electing him president and to the members for their support. He emphasized that the board meetings are open to all of our members, and we do have an open-door policy. He spoke about his time on the Board. He explained the roles of the board members. The board is elected by our membership and should act in the best interests of the membership. He talked about how more things are becoming electrified and the challenges that rapid electrification will pose to the present infrastructure. The board continues to focus on keeping rates low while updating infrastructure. Cooperatives across the nation are grappling with how to do this.. We currently have

a 99.9% reliability and have been able to keep that percentage for several years. He stated that EEA ranked 11th lowest in residential rates among Colorado cooperatives. He noted our partnership with Tri-State. Sitton spoke about Tri-State having over 30% in renewable power. He spoke about the issues that would arise if we left Tri-State. The resources that Tri-State offers are beneficial to us as a distribution cooperative. Sitton spoke of the cost that would be required to buy out of our Tri-State contract and how that would have a significant impact on the cooperative. The board currently does not have any interest in breaking our contract with Tri-State.

Secretary-Treasurer Jerry Fetterman reported on EEA's financial condition. Fetterman thanked Financial Manager Ginny Johnson and her financial team for providing him with the data needed for his report. He also thanked all of the employees. He discussed the miles of line and the number of substations and noted that number of active meters increased significantly from 2021, which shows that EEA continues to grow. He discussed where EEA's revenue comes from and how expenses are. Fetterman stated that EEA returned \$1,723,900 in capital credits to its members in 2022 and has refunded \$38,746,636 in its history. EEA continues to be in good financial health.

General Counsel Tyler Denning gave the Attorney's report. He explained what his firm does as general counsel for the cooperative. He is happy to report that there are currently no material legal matters facing Empire. EEA is a strong co-op that is being managed correctly, that has individuals that are looking out for the best interest of the co-op, and continues to move towards the future.

General Manager Josh Dellinger went through a brief slide show presentation that gave an overview of who EEA is, where EEA has been, and where EEA is going. He read our mission statement and noted that the mission statement drives our efforts. He explained the operations of the power grid in the United States and EEA's part on that grid. Dellinger touched on some key factors such as; we are a member owned coop, we are governed by a seven-member board of directors that are elected by our members, we are a non-profit organization, and we have 61 total employees. He went over the miles of line and the number of meters that we serve. He spoke of our load and revenue data which showed that we were hit hard during the Covid pandemic. He stated that with rapid inflation, cost of items has increased significantly, and our employees have worked hard to find ways to cut costs and operate more efficiently without sacrificing reliability. We have surveyed our members and we are constantly told that price and reliability are the top two concerns. That's where we focus our efforts. Dellinger explained that we have enjoyed great rate stability over the past decade. He showed EEA's ranking in the Colorado Association of Municipal Utilities (CAMU) rate in 2015 and compared it to our current (2023) ranking. He noted that we have moved in the rate direction and that we offer some of the most competitive rates in the state for residences and businesses. He also discussed our reliability, and he recognized our crews that work safely and quickly to get our lights back on during an outage. He went over EEA's initiatives such as system capacity, grant funding, service request response time, combined campus, power supply, and rebates. Dellinger then introduced guest speaker Duane Highley.

Tri-State CEO Duane Highley explained that Tri-State is also a cooperative that is owned by its membership. Tri-State serves 42 electric distribution cooperatives across four states over an area that covers more than 200,000 square miles. They have not had a rate increase since 2017 and have had two rate decreases. He stated that this has been held as long as possible and there will be a rate increase in January 2024. They are looking at a 6.4% increase system-wide, but EEA's increase will be closer to 5% since EEA is a higher load factor system. They are in a rapid energy transition. Currently, 34% of Tri-State energy is from renewable sources. They are building 800 megawatts of utility scale solar and by 2025 they will be 50% renewable, and by the end of the decade they will be at 70% and their carbon footprint will be reduced by 80%. He spoke about the decision of other cooperatives to leave Tri-State and how these cooperatives have not achieved the lower rates and

greener power, which were their main reasons for leaving Tri-State. He spoke about the importance of having diversity in their generation portfolio so they can hedge against issues that may arise with one source or another. They currently get energy from coal, gas, oil, hydro, geo-thermal, solar and wind power. Tri-State is committed to keep the power affordable and reliable.

President Sitton called for questions or comments on any of the reports. No questions were asked.

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

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

President Sitton called for questions, comments, or suggestions from the audience. Member Allen Maez made a comment about the renewables and what that means for rural areas. He asked if we were able to keep a good staff and how we retain them during an era of people that don't want to work. Dellinger noted that we have reduced our workforce by attrition as we have become more efficient, which has helped reduce rate pressure. He stated that we continue to attract good employees by offering good wages and we have been successful at retaining them. Our applicant pool has gone down but we still continue to get viable candidates. Sitton also spoke of our safety culture and what goes into keeping our employees safe.

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

District 5

Elise Goggin - 1191

Kent Lindsay – 1440 Denning declared Lindsay the winner of District 5

District 6

Jennifer Magnuson - 1144

David Sitton – 1479 Denning declared Sitton the winner of District 6

Member Engagement Manager Andy Carter conducted the general prize drawing. Prizes included three \$25 electric bill credits won by members Lawrence Chance, Darlene Dennison, and Dexter Gill; three bill credits for one year of solar production from panels in the Solar Assist solar garden won by members Tommy Lankford, Carolyn Lucas and Racene McLaughlin; three gift bags full of EEA swag; and the grand prize was an electric leaf blower courtesy of Tri-state won by member Patricia Huston.

President Sitton adjourned the meeting at 6:41 p.m.

ss/David Sitton, President

ss/Jerry Fetterman, Secretary/Treasurer