

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
August 11, 2023

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, August 11, 2023, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, Norman Butler, and Corey Robinson. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Operation and Engineering Manager Ken Tarr, Business Service Manager Chris Snyder, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph.

Others present by Web Conference: Members Ken Curtis and Emiko South.

President Sitton called the meeting to order at 8:30 a.m.

Approve Consent Agenda:

Action Item: Fetterman moved to approve the consent agenda as presented, seconded by Robinson. Motion carried.

Membership Input: None

Monthly Safety Report: Dellinger stated that there were no personal injuries or property damages. EEA has now gone 2000 days without a lost time accident. There was a safety luncheon held yesterday and we celebrated this milestone.

Correspondence:

- Federated Member Update – July 2023
- CREA WC Group Retention Update
- Western United Annual Fish Fry Invitation
- CREA 2023 Energy Innovations Summit and Fall Conference Information

Thank you's from:

- Cortez Fire Protection District for the donation to the Cortez Firework Display.
- Four Corners Board of Realtors for the sponsorship at the Dean Hanson Golf Tournament.
- Lauren Butler for the scholarship.

Policy Review/Action:

Action Item: Policy 47: Anti-Nepotism (07-09-2021): Dellinger stated that staff and legal reviewed and are suggesting one minor edit to state that employees should disclose any family relationships that may be in conflict of this policy. Archibeque moved to approve Policy 47: Anti-Nepotism as presented, seconded by Robinson. Motion carried.

Policy 48: Equal Employment Opportunity and Unlawful Harassment (07-09-2021): Dellinger stated that staff and legal reviewed and there are no suggested edits.

General Manager Report:

Action Item: Select the Financial Institution for the Cash Management Services: Dellinger stated that the RFP packets from the banks were in last month's board packet and the directors had elected to table the agenda item to allow time for Johnson to do more research before giving a recommendation to the board. Johnson's recommendation is to continue using Vectra Bank and she explained the reasons why she reached this recommendation. Butler moved to approve Vectra Bank for our cash management services, seconded by Fetterman. Motion Carried.

Action Item: Consider the Approval of the Ongoing Donations for the 2024 Budget: Dellinger explained that the board approves the ongoing donations for the 2024 budget each year. He stated that McLaughlin has placed a list in the packet for the board to review. Robinson moved to approve the ongoing donations as presented, seconded by Archibeque. Motion carried.

Action Item: Consider the Wildland Fire Protection Plan: Dellinger explained that H.B. 66 – Wildland Fire Planning and Cost Recovery was signed into Utah law in 2020. This law requires utilities to develop a wildland fire protection plan (WFPP) and offers legal protection for utilities that comply with their plans. New WFPP plans must be submitted every three years. We submitted our first plan in 2020 and our new plan is due to the Utah Public Service Commission (UTPSC) by October 1, 2023. Randolph developed our new WFPP, and it is in the packet for the board's consideration. Randolph stated that most of the plan stayed the same and he explained the areas that changed. Lindsay moved to approve the WFPP as presented, seconded by Robinson. Motion carried.

Action Item: Consider the Rate Tariff Updates: Dellinger stated that the EEA Rate Committee met again on August 4th and developed a recommendation for the full board to consider. The recommendation focuses on getting all rate classes to a zero net margin and modify the rates to align with the new Tri-State peaking period. The revised rates have been included in the board packet for consideration. Dellinger explained what changes would be made to each rate class. Discussion was had on the communication that will be needed to inform the members of these changes. The new rates would go into effect on January 1, 2024. Lindsay moved to approve the Rate Tariff Updates as presented, seconded by Robinson. Motion carried.

Financials: Johnson reported on the financials for June. She stated that our financial ratios are within our goals. She explained the negative kilowatt sales in irrigation. We use an estimate of how many kilowatt sales are being used. She investigated the issue, and it appears to be a problem with the estimation. This will eventually true up to what is billed. She will continue to keep an eye on this. We continue to be over budget in distribution maintenance, which is due to some large outages that we have had this year. Revenues continue to exceed the budget and residential sales continue to grow.

Miscellaneous: Dellinger stated that the call-back time for new service inquiries is now down to three weeks. Dellinger spoke about the DWARF letter that was mentioned by Sitton concerning the San Juan National Forest lawsuit at last month's board meeting. He received the letter and it does not take a side in the court case but rather encourages both parties to work swiftly to come to a solution so that forest management activities are not delayed to the detriment of forest health. There was a consensus from the board last month to support DWARF's efforts, therefore Dellinger signed the letter.

Region 9 and Rick Smith from the City of Cortez met with Dellinger to discuss the next opportunity for broadband funding. Last year, we supported Region 9's efforts to obtain an NTIA Middle Mile grant by waiving pole attachment fees in exchange for four fibers we could use to connect our substations. The NTIA grant was unsuccessful. They are now pursuing other funding through the Capital Project Funding program of the Colorado Broadband Office and the federal Broadband Equity Access and Deployment (BEAD) program that will be administered by the state. Region 9 is assisting, but Montezuma County and Clearnetworx (the ISP) will be the lead applicants this time instead of Region 9. They will only be asking us to waive the pole attachment fees on the

portions that will provide connectivity to our substations. They will be coming to September's board meeting next month to explain this project to the Directors. Dellinger will relay to Region 9 that the board is still willing to make the same arrangement.

Duane Highley is planning on attending our September board meeting.

Director Roundtable: Barry announced that his granddaughter received Grand Champion Steer in the San Juan County Fair and Barry Ranch was voted Ranch of the Year and he was voted Farmer of the Year for San Juan County. He thanked EEA for purchasing his granddaughter's steer. They also put an add on to RL Wilcox's two daughters' animals. Lindsay and Fetterman attended the Montezuma County Fair, and they purchased a goat and a pig.

Attorney: Denning provided a written report. He will speak about the easement issue in the executive session.

Tri-State: Fetterman reported on the Tri-State meeting. Most of the meeting was held in executive session. Fetterman discussed several properties that Tri-State has for sale. By selling this property they will eliminate easement issues. They are moving ahead with the solar project at Axial Basin and Dolores Canyon. Robinson asked about the Adams County ruling and if we continue to be FERC regulated and what the timeline to make this decision is. Dellinger stated that there is not a timeline. Denning explained what happens if this goes to trial.

CREA: Archibeque stated the regular meeting will be held the end of August. There was an executive meeting and he put the summary of this in the board packet. He spoke about some staff changes that were made at CREA. He will be attending a rate class in Avon with CFC. He also had the opportunity to go to three annual meetings representing CREA this year. He spoke about Grand Valley Power's annual meeting which was an impressive event.

Western United: Barry reported on the Western United meeting. He stated that they continue to do well. Barry mentioned that he will be going to the Annual Fish Fry and he will report on that when he gets back.

Utah Rural Electric Cooperatives Association: Barry stated that they didn't have a meeting last month but will be attending this meeting in Bryce Canyon this month.

FastTrack: Report will be in executive session.

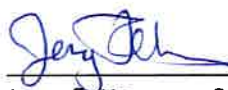
Committees: The rate committee met on August 4, 2023. Their recommendations for the rate tariff updates were made during the General Manager's report.

Executive Session: Archibeque moved to go into executive session to discuss the FastTrack report and to receive legal advice, seconded by Lindsay. Motion carried. Went into executive session at 11:10 a.m. Came out of executive session at 11:57 a.m.

Adjournment: Meeting adjourned at 11:57 a.m.



David Sitton, President



Jerry Fetterman, Secretary/Treasurer

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