

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
AUGUST 9, 2024

Regular meeting of the Board of Directors of Empire Electric Association, Inc. was held Friday, August 9, 2024, with the following directors present: David Sitton, Kent Lindsay, Bob Barry, Larry Archibeque, and Bill Mollenkopf. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Business Service Manager Chris Snyder, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference is Director Corey Robinson. Absent is Director Jerry Fetterman and Operation and Engineering Manager Ken Tarr.

Others present in person: CREA Executive Director Kent Singer and Youth Leadership Camp Recipients Teagan Archer and Randi Lewis.

Others present by web conference: Member Emiko South.

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

Approve Consent Agenda:

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

Membership Input: None

Presentation by Teagan Archer and Randi Lewis the Youth Leadership Camp Recipients: Miss Archer and Miss Lewis gave a presentation on what they learned during the Youth Leadership Camp and some of the activities that were held there.

Presentation by Kent Singer, Executive Director of CREA: Kent Singer updated the board on the happenings at CREA. He discussed some of CREA's staff changes. He reported on the net metering working group that the Colorado Energy Office put together. There is currently no consensus on how to move forward, but CREA will continue to monitor developments in this area. Singer spoke of other legislation that could happen in 2025 such as a bill that addresses wildfire mitigation and liability protection and a pole attachment bill. Discussion was had on CREA's safety and loss control program and the changes that will be happening next year.

Monthly Safety Report: Dellinger stated that there were no personal injuries or property damage. He stated that we had our Rural Electric Safety Achievement Program (RESAP) inspection the week of July 29th. This is a 3-year safety program developed by NRECA and administered by CREA and other statewide organizations. Personnel from CREA and volunteers from other Colorado cooperatives inspected our facilities and interviewed employees. It was an unannounced visit. Dellinger explained some of the issues that the RESAP team found. Overall, the team was pleased with what they saw and gave good feedback on what can be improved. Safety training last month was on fire extinguisher use. Safety luncheon is on September 12th and the board is invited to attend.

Correspondence:

- Federated Member Update for July 2024
- Federated CREA WC Group Retention Update

Thank you letters:

- Dolores Operation Graduation for the donation.
- Pinon Project for the donation.
- Randi Lewis for sending her to the Colorado Youth Leadership Camp.
- Teagan Archer for sending her to the Colorado Youth Leadership Camp.
- Kenneth Aiden Chadd for the scholarship.
- Four Corner's Board of Realtors for supporting the Dean Hanson Golf Tournament.
- Avery Stiegelmeier for the scholarship, graduation money and her summer job.

Policy Review/Action:

Policy 17: Donations and Sponsorships (08-12-2022): Dellinger stated that staff and legal reviewed Policy 17 and no edits are suggested. A discussion was had on how community support is a big part of what EEA does and if we need to consider having something regarding this in our mission statement. Sitton suggested that we reconsider our mission statement to include community support during our strategic planning session.

Policy 19: Local Vendor Preference (09-09-2022): Dellinger stated that staff and legal reviewed Policy 19 and no edits are suggested.

General Manager Report:

Select Voting Delegate for CoBank Director Election: Dellinger explained that the CoBank Director Election is currently in progress and there is a Mid Plains Region seat up for election this year, so we can vote. Voting is done by mail or online. Dellinger stated that he has served as the delegate in the past and would be happy to do so again. Archibeque moved to have Dellinger as the CoBank voting delegate, seconded by Lindsay. Motion Carried.

Consider Ongoing Donations for the 2025 Budget: Dellinger stated that, per board policy, our total donations should not exceed 0.5% of our retail operating revenue. For 2025 we will budget around \$36,000,000 for retail operating revenue, which means our overall donations budget should not exceed \$180,000 McLaughlin put our list of donations, sponsorships, and scholarships from 2024 in the board packet and highlighted which ones were one-time donations. Dellinger asked which entities should be included in the upcoming 2025 budget as ongoing donations and which would need to reapply. The Board would like to keep all the current entities on the ongoing list and add Cancer Resource Alliance of Montezuma and Dolores County and Tri-City Soccer Association to the ongoing list. The other one-time donations from 2024 will need to reapply. This direction will be reflected in the 2025 budget when it is presented later this year.

Action Item: Review EEA Rules and Regulations: Dellinger stated that it has been several years since we last reviewed our Rules and Regulations. Staff and legal reviewed and made a handful of edits. None of these changes are major. Lindsay moved to approve the edits to the Rules and Regulations, seconded by Mollenkopf. Motion carried. This will need to be public noticed and will have an effective date of October 1, 2024.

Review Power Supply Position Statement: Dellinger mentioned that at last month's meeting there was a discussion regarding our Power Supply Position Statement. He included the statement that was approved in 2019 in the board packet. If the board would like to make any updates or changes to this statement, we can do so. Board agreed that this statement is still appropriate and aligns with what our goals are. Consensus of the board is to leave this statement as is. It was recommended that we review this statement more often, especially before the annual meeting. Dellinger mentioned that he has added a Renewable Energy table to the board

packet and will continue to do so each month. This chart shows where EEA is with renewable energy each month. This may be slightly overstated because our BP115 projects are also included in the Tri-State portfolio, but our projects are a very small percentage of the Tri-State portfolio so the overstatement is very small.

Consider Updated Cost of Service Study and 2025 Rate Tariffs: Dellinger stated that Johnson updated our Cost of Service Study (COSS) and included a presentation in the board packet for board review. Johnson explained that we are very healthy financially. Overall, we do not need any rate increases to maintain a strong financial position. However, as noted last year, our residential rate class is being subsidized by other rate classes. The Residential TOUD rate class is currently showing a -0.09% rate of return and the residential All Energy is showing a -1.81% rate of return. Last year, the TOUD rate showed a similar small negative rate of return, and we made a small \$0.40 per month increase in the Grid Access Charge to get it to zero net margin. This year's analysis shows that another small increase of \$0.22 per month would be needed to keep it at zero net margin. Last year, the All Energy analysis showed a relatively large negative rate of return and we discussed spreading the needed increase over two years. We made a \$7.00 per month increase to the All Energy Rate and noted that another increase would likely be needed this year to get the rate class to zero net margin. This year's COSS shows that a \$5.00 monthly increase to the Grid Access Charge is needed to get it to zero net margin. Again, we do not need to take any rate increases to keep the cooperative financially strong; however, it is not a best practice to have rate classes with negative rates of return. The board had a discussion on the pros and cons of increasing the GAC for these two rate classes. Board consensus is to leave the rates the way they are and not make any changes right now. They directed staff to monitor it and if our financial situation changes, they will reevaluate whether to make changes.

Consider Potential 2025 Member Survey: Dellinger mentioned that we have typically conducted a member survey before we hold strategic planning sessions. We are due for another strategic planning session in 2025. The Board agreed to use CFC as the facilitator for the strategic planning session and it will be held the week of April 28, 2025, preferably on April 30 and May 1. Dellinger asked the board if they would be interested in conducting a member survey beforehand. The survey committee could start meeting in the fall in preparation to distribute the survey in early 2025. The Board consensus is that another member survey should be conducted, and the survey committee can meet in October.

Consider Updated Director Expense Form: Dellinger explained that the Director Expense Report has been updated. The board reviewed the updated form that will hopefully streamline their expense reporting process.

Financials: Johnson reported on the financials for June. She spoke about the delayed Tri-State rate change which is driving a budget variance in revenue collected. She stated that since we now have an effective date of the Tri-State rate, we will need to look at options for dealing with this variance since we over collected from our members. She mentioned that we had two grant applications that have been approved for funding from the Colorado Energy Office. These are Grid Monitoring for vegetation management and Grid Hardening for electronic closure controls. We are currently working through contracts. We should start getting funding sometime in October.

Director Roundtable: Lindsay asked Dellinger if he had been asked to help with the fire in San Miguel's territory. Dellinger stated that we have not had any requests for assistance. There was discussion about San Miguel's fire detection cameras. These cameras send alerts when a fire is detected, and this has been beneficial in getting fires put out before they cause too much damage.

Attorney: Denning provided a written report in the board packet. He reviewed the rules and regulations. He also reviewed the line extension agreement for the Argon project.

Tri-State: Robinson reported on the Tri-State Board meeting. He stated that FERC approved the formulary wholesale rate and the Bring Your Own Resource Program (BYOR). The kickoff for BYOR will be coming up in a month or so. They received notice that their grant application through the USDA's New ERA program continues to advance through the process. S&P Global Ratings have raised Tri-State's outlook and affirmed their current investment-grade ratings. Robinson will be attending the September Tri-State meeting.

CREA: Archibeque reported on the CREA Board meeting. He said that the regular CREA meeting will be held at the end of the month. The CREA Energy Innovations Summit and Fall Meeting is coming up and recommends that people register early. He attended the executive committee meeting at DMEA, he attended Grand Valley's annual meeting, and he will be attending the La Plata and San Louis Valley annual meetings in the near future. He also mentioned that Western United will be having their annual fish fry during the CREA fall meeting.

Western United: Barry stated that there isn't anything to report. He will be attending the annual fish fry.

Utah Rural Electric Cooperatives Association: Barry reported that this meeting is next week which he will go to.

Committees: Sitton stated that the committee assignments are in the board packet. They talked about the timeline to have the Survey Committee possibly meet in October.

Executive Session: Lindsay moved to go into executive session to discuss FastTrack and updates on developments with Tri-State's Dolores Canyon Solar Project, and to receive legal advice, seconded by Mollenkopf. Motion carried. Went into executive session at 12:13 p.m. Came out of executive session at 12:37 p.m.

Adjournment: Meeting adjourned at 12:37 p.m.



David Sitton, President



Kent Lindsay, Vice President