

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
December 13, 2024

Regular meeting of the Board of Directors of Empire Electric Association, Inc. was held Friday, December 13, 2024, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, Corey Robinson, and Bill Mollenkopf. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference: Business Service Manager Chris Snyder and Operation and Engineering Manager Ken Tarr.

Others present in person: Attorney Shay Denning

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 Lindsay. Motion carried.

Membership Input: None

Monthly Safety Report: Dellinger stated that there were no personal injuries and there were no property damages. The monthly safety summary report is in the board packet. Employees had forklift training and reviewed the new Colorado chain law. EEA continues to review the RESAP findings to make improvements or changes as needed, and they reviewed the SPCC plan. The monthly training was Lockout / Tagout, Grounding, Step Potential by CREA.

Correspondence:

- CREA Annual Meeting Information
- Federated Member Update for November, 2024
- Federated Report from the Board
- Tri-State 2024 Capital Credit Retirement

Thank you letters:

- Colorado Advocates for Rural Electrification (CARE) for the donation of an Osprey Backpack to their live auction.
- Colorado Canyons Association for the memorial donation for Matt Williams.
- Dolores County Fair for our sponsorship.
- Thank you from Vern and Anna Ruth Koppenhafer for putting up their security light.
- Thank you from Clearnetworx for the donation of a backpack cooler for their Employee Christmas Party door prize.

Policy Review/Action:

Action Item: Policy 26: Member Use of the Echoes of the Empire (12-09-2022): Dellinger stated that there are a handful of suggested edits. The information regarding the size and the resolution of the ad has changed. Lindsay moved to approve Policy 26 as presented, seconded by Robinson. Motion carried.

Policy 27: Service Award (01-13-2023): Dellinger stated that staff and legal reviewed and there were no suggested edits or changes.

General Manager Report:

Action Item: Consider the 2025 Consumer Deposit Rate: Dellinger explained that our annual survey of local bank interest rates averaged 0.185%, which is higher than our 2024 rate of 0.076%. Staff recommend using 0.185% as our 2025 consumer deposit interest rate. Robinson moved to approve the 2025 Consumer Deposit Rate of 0.185%, seconded by Barry. Motion carried.

Consider the 2025 Board District Compositions: Dellinger mentioned that the 2025 Board District Composition numbers are reviewed annually. Article III, Section 3 of the Bylaws requires the Board to review the composition of Board districts for equality at least 120 days prior to a board election. The average number of members per district is 1930. The district with the most members is 1.7% above average while the district with the least members is 2.59% below average. It seems that our members are reasonably spread out among the districts and staff do not recommend any changes at this time. Board consensus is to leave the Board District Composition as is.

Action Item: Consider the Updated Deferred Revenue Plan: Dellinger stated that per regulation, we must review the Deferred Revenue Plan annually. Johnson has provided an updated plan. She discussed the updates with the directors, which includes deferring revenue from 2024 to be recognized in 2025. We overcollected purchased power costs for much of the year while FERC delayed the implementation of the new Tri-State rate. This overcollection will be returned to the members in 2025 through a reduction in the PCA component of our rates. The updated deferred revenue plan also includes not recognizing any deferred revenue in 2024. Last year's plan called for us to recognize a certain amount in 2024 and we have been recognizing a prorated amount each month. We will remove those recognitions from our 2024 financials since it does not appear that any recognition will be required in 2024. Lindsay moved to approve the Updated Deferred Revenue Plan as presented, seconded by Mollenkopf. Motion carried.

Action Item: Consider the 2025 Rebate Program: Dellinger explained that Carter has put together a proposal regarding our recommendations for the 2025 Rebate Program. Carter explained that we generally follow Tri-State's program. He explained the difference between 2024 and 2025 recommendations. The biggest difference was in how heat pump rebates are calculated. Robinson moved to approve the 2025 Rebate Program as presented, seconded by Barry. Motion carried.

Strategic Planning Update: Dellinger updated the board on strategic planning efforts. He highlighted what we have successfully completed over the past several years and the items that we continue to work on. Dellinger stated that we will be having another strategic planning session in 2025.

Financials: Johnson reported on the financials for October. She explained that everything continues to be on trend. She discussed the budget variance report and pointed out that the residential revenue line item is where we have been recognizing deferred revenue. We continue to be ahead of budget in almost every category. She discussed the deferred compensation plan and how this shows on the financials. She had a summary in the board packet on how the deferred compensation is accounted for. We continue to meet all loan covenants and financial goals.

Miscellaneous: Dellinger stated that last month, the board asked about having a groundbreaking ceremony when we start building the new HQ building. Staff instead recommends that we have a low-key, in-house

groundbreaking ceremony with the directors and staff and then have a public open house once the building is completed. The board agreed to this approach.

Dellinger reminded the directors that our Christmas party is tomorrow evening at Destination Grill.

Director Roundtable: Sitton mentioned that he is exploring opportunities to obtain funding from the state to electrify his sawmill. He has had two energy audits. They are trying to offset the diesel that they are using in their generators. The state funds would also help offset the cost of upgrading the power line to the sawmill. Sitton also stated that he was at meeting this week with the Intermountain Forest Association for Region 2 Forest Service. They had their annual meeting which included several foresters, district forest rangers and industry producers. The US Forest Service over spent their budget by \$800 million in 2024. He mentioned that if we have anything to do with the Forest Service, it may take a long time to get it done because they are budget constrained. He also noted that there is a lot of interest in getting a wildfire bill passed in the Colorado legislature.

Attorney: Denning provided a written report in the board packet. He reviewed a master services agreement with a potential vendor and will be working to get a contract to sell the current HQ building. He has taken a job in Oklahoma with Oklahoma Municipal Power Authority. He appreciated working with the board and thanked the board for giving him their trust. Sitton thanked him for his excellent work for EEA. This will be his last meeting with EEA. He will work with the new attorney to help with the transition.

Tri-State: Robinson reported on the Tri-State Board meeting. He stated that they had a presentation about the New Horizon mine and the asset retirement obligations they have there. They want them to design a water treatment system there where they would be in compliance with the water discharge from the old mine in Nucla. The JM Shafer station on the front range has some aging equipment that needs to be replaced so there was discussion on how to address those needs. The Tri-State board discussed what joining the Southwest Power Pool (SPP) will look like. It seems that there will be measurable benefits to joining a RTO. They also held a discussion on data center growth and how it will impact the utility industry.

CREA: Archibeque reported on the CREA Board meeting. He said that Tom Walch with Grand Valley Power announced that he plans to retire in 2026. CREA Director Kent Singer will also be retiring at the end of 2025. The CREA executive committee will begin the process for looking for a new executive director in about 6 to 8 months. A discussion was held regarding the potential of a new CREA location and whether it makes sense for them to have their own building or perhaps lease space from a partner, such as Tri-State, CoBank, or United Power. The executive committee will be looking at the needs for a new building and the cost that will be passed on to their membership. They have also been discussing associate memberships. Those members won't have any voting rights and will not be in board meetings unless they are invited. Archibeque mentioned that Chris Hansen is the new manager at LaPlata. They discussed the legislature and some of their priorities. He also mentioned that if any of the board would like to attend the CREA annual meeting, they need to make reservations as soon as possible. There will be director courses sponsored by CFC or CoBank. The Safety and Loss Control Director position has not been filled and they are discussing options for this position.

Western United: Barry stated that the report is in the packet, and he has no additional information to add.

Utah Rural Electric Cooperatives Association: Barry stated that the meeting is next week, and the end of the month will be the rural caucus. He plans on attending the meeting next week and the rural caucus.

Committees: The Survey Committee presented the directors with the proposed questions to be asked during the next member survey. Barry stated that there were several changes made to the questions, and the final questions are what is being presented. The survey will have two options, it will go in the bill as a mailer and will

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also be offered online. This will be sent out the first of the year and be open until the end of February. It will be completed by our strategic planning session.

Executive Session: Robinson moved to go into executive session to Consider General Counsel Proposal, FastTrack, to receive legal advice, Tri-State update and to discuss a personnel matter, seconded by Mollenkopf. Motion carried. We went into executive session at 10:27 a.m. Attorney Shay Denning was invited into executive session at 10:50 a.m. Staff were asked to step out at 11:32 a.m. Came out of executive session at 12:05 p.m.

Adjournment: Meeting adjourned at 12:05 p.m.



David Sitton, President



Jerry Fetterman, Secretary / Treasurer