

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
FEBRUARY 13, 2026

Regular meeting of the Board of Directors of Empire Electric Association, Inc. was held Friday, February 13, 2026, with the following directors present: David Sitton, Kent Lindsay, Bob Barry, Larry Archibeque, Bill Mollenkopf, Corey Robinson, and Doug Sparks. Others present: General Manager Josh Dellinger, Executive Secretary / HR Representative Shawna McLaughlin, Operations and Engineering Manager Ken Tarr, Financial Manager Ginny Johnson, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference: Attorney Shay Denning, and Business Services Manager Chris Snyder.

Others present in person: None.

Others present by web conference: Member Ken Curtis.

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

Approve Consent Agenda:

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

Membership Input: None.

Monthly Safety Report: Dellinger stated that the safety report is in the board packet. We had no personal injuries. There were three property damages. An employee hit a deer in truck 115 while coming to work, an employee was backing truck 120 into the truck shed with the mini ex on the trailer and hit the shed wall causing minor damage, and truck 104 had a rock hit the windshield and crack it. Dellinger stated that we conducted our safety survey with NRECA. We just got the results back and, once they are reviewed, there will be a presentation with the board and with the employees. Stop and yield signs have been installed throughout the parking lots to help with traffic flow. Our security lights have also been set up on timers so that they go off at night.

Correspondence:

1. CoBank Director Elections
2. Federated Member Update – January 2026

Thank you Letters:

1. Crow Canyon Archaeological Center for annual donation
2. Wildfire Adapted Partnership for annual donation
3. Four Corners Community Band for annual donation
4. Pinon Project for annual donation
5. CARE for annual donation
6. San Juan Health for Gift Certificate for the 2026 New Year baby
7. Southwest Memorial Hospital Foundation
8. Four Corners Community Band 2025 Annual Report

Policy Review/Action:

Policy 2: Whistleblower (01-12-24): Dellinger stated that staff and legal reviewed Policy 2 and there are no edits suggested.

Policy 3: AMI Relocation and Opt Out (01-12-2024): Dellinger mentioned staff and legal reviewed Policy 3 and there are no edits suggested.

General Manager Report:

Action Item: Consider Updated Deferred Revenue Plan: Dellinger mentioned that the Deferred Revenue Plan needs to be reviewed annually and Johnson has developed an updated plan. Johnson explained that we had originally budgeted to recognize about \$500,000 in deferred revenue in 2025; however, margins were stronger than anticipated, so we will not need to recognize any deferred revenue to meet financial goals. Robinson moved to approve the Updated Deferred Revenue Plan as presented, seconded by Archibeque. Motion carried.

Action Item: Consider Approving Tax Form 1120-POL: Dellinger stated that EEA needs to file an 1120-POL for tax year 2025. The form is in the board packet for review. Johnson explained that this is the tax form that we are required to submit since we donate to Colorado Advocates for Rural Electrification (CARE) which is a political organization. Robinson moved to approve Tax Form 1120-POL as presented, seconded by Sparks. Motion carried.

Action Item: Consider Rules and Regulations Change: Dellinger explained that recently EEA updated our billing practices and moved to fixed due dates in response to member feedback gained during our last survey. This change has allowed members to have several extra days to pay before a bill becomes past due. Our Rules and Regulations currently state that we will apply a late fee five days after the bill becomes past due. Since members now have extra days to pay, we would like to make a change to our Rules and Regulations that will allow us to immediately apply the late fee after the bill becomes past due. Staff explained that this change is necessary to align the billing system with the new schedule. Sparks moved to approve the Rules and Regulations changes as presented, seconded by Robinson. Motion carried.

Action Item: Consider Accounting Treatment for New Building: Dellinger stated that Johnson has been analyzing accounting treatment options for the new building. Johnson gave a presentation with a couple of options. The options were: (1) use our extraordinary income from property sales, the FastTrack sale, and the Employer Retention Tax Credit as aid-to-construction funds to completely pay for the building so that it would have \$0 net book value; or (2) add the extraordinary income to our equity and depreciate the building over the next 35 years. Archibeque moved to approve option 2, seconded by Mollenkopf. Motion carried.

Consider the BYOR Evaluation Criteria: Dellinger mentioned that one of our strategic goals involved developing a methodology for evaluating potential BYOR and BP115 projects. The proposed methodology utilizes an initial economic screening to determine whether the project is economically viable. If a project passes that screening, then it would be evaluated using additional criteria. Consensus of the directors is to use the methodology presented to evaluate any BYOR or BP115 projects.

Action Item: Consider Wheeling Tariff: Dellinger stated that one of our strategic goals involved developing a wheeling tariff as an alternative option for projects that want to be sited in our service territory but do not fit under Tri-State's BYOR or BP 115 programs. The draft tariff consists of a Grid Access Charge and Distribution Demand Charge that are equal to their identical counterparts in our Large Power rate. Utilizing these rate components should ensure that any projects served under the wheeling tariff appropriately contribute to our infrastructure costs. There are currently no projects in line to utilize this tariff, but, if approved, it will allow us to have an option in place for non-BYOR / BP115 projects to consider. Sparks moved to approve the Wheeling Tariff as presented, seconded by Robinson. Motion carried.

Financials: Johnson reported on December's financials. She spoke about the budget variances and showed the recognition of the deferred revenue. The budget continues to follow trends; small commercial has been under budget all year and large commercial being under budget has been off set with purchase power being under budget as well. The annual reconciliation will be presented to the board next month for Kinder Morgan and Cortez Pipeline. Operating expenses are very close to budget. EEA continues to meet all financial goals.

Miscellaneous: Dellinger stated that the member engagement team has been going through accounts that would require some power factor corrections. We came up with a list of 25 members that we contacted to give them information about power factor. There is a list of these members in the board packet. We continue to audit our system to make sure that our billing information is correct and the large power audit came back clean. We moved to our small commercial and found nine accounts that were being billed incorrectly. We contacted all those members and corrected these accounts. Capital credit retirements will be mailed in March.

Director Roundtable: Archibeque reminded the Scholarship committee that there is a meeting on February 23rd and Denise Moore will be sending out the applications next week. He asked the committee members to look at those applications so that they are prepared for that meeting.

Mollenkopf mentioned that he was in Arizona and ran into Jerry Fetterman. He stated that he is doing very well and sends his well wishes.

Sitton stated that several board members went to the CREA Annual Meeting and they were able to tour the capital building.

Lindsay stated that he spoke to Jeff Hurd and he is familiar with Pano AI which is a wildfire detection camera technology. He stated that there will be some grant funding to help entities acquire and maintain these types of cameras. Hurd will get Lindsay more information. Sitton stated that the Intermountain Forest Association also had a discussion regarding wildfire concerns and potentially using these cameras. There is some interest within the Forest Service to help promote these.

Attorney: Attorney Shay Denning stated that her written report is in the board packet. EEA closed on the 801 N. Broadway building yesterday and the wire went into our account this morning. She requested that we move the Attorney Proposal that is on the agenda for executive session to next month's meeting.

Tri-State: Robinson reported on the Tri-State meeting. Tri-State received a 202c order from the Department of Energy that requires it to keep Craig Unit 1 available to run should there be a grid emergency. Tri-State had planned to retire Craig 1 at the end of 2025, both to meet the state's emission reduction mandates and because it no longer needs the capacity. The order caused Tri-State to spend over \$1 million to fix the unit so that it could be turned on if needed, and it will cost Tri-State multiple millions to keep it in a ready position should a grid operator call on it to run. A grid operator could call on it to run to support the grid because other utilities have failed to appropriately plan their resource needs. Tri-State does not think that it, and ultimately its members, should have to pay for others' failure to plan and has challenged the order. The board also received a presentation on the Southwest Power Pool (SPP) from Tri-State staff. SPP is a Regional Transmission Organization (RTO) that Tri-State will join in April. RTOs allow utilities to pool their generation and transmission resources so that the grid operates as efficiently as possible. The JM Schafer gas plant has a pipe that needs to be refurbished; they have found a contractor that can put a carbon fiber tube around the inside. The Tri-State Board Secretary Julie Kilty passed away on January 29th, and Charlie Abel from Sangre De Cristo was selected as the new board secretary.

CREA: Archibeque reported on the CREA meeting. He stated that he has attended several meetings over the last month. He highlighted the Wildfire Mitigation legislation. He explained the policy and process they are going through to get this bill passed in Colorado. He does not think a wildfire mitigation bill will be introduced this

year. He spoke about several other bills that are going through legislation. They went to Coop Day at the Capital. The Power Xchange will be held in Nashville on March 6th through March 10th. Doris Morton from San Isabel County was elected as the new CREA Board Secretary. Larry Archibeque was elected as the President of CREA, Vice President is Damon Lockhart, and Tom Carl is Treasurer.

Western United: Barry reported on the Western United meeting. The annual meeting was held in conjunction with the CREA annual meeting. They are focusing on moving their business into Kansas and Nebraska. There was a motion made and approved to set up a new LLC so that they can serve the SBA clients.

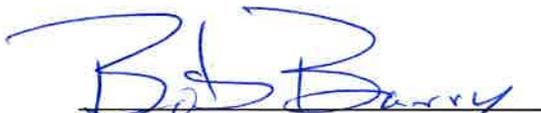
Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. He stated that their legislature is in session right now. URECA hosted dinner for the legislators and about 10 representatives showed up for this dinner. There is also a rural caucus held at the capital where URECA sponsors a breakfast. He also mentioned several of the bills that have been introduced.

Committees: Dellinger stated that Johnson is getting close to completing the cost of service study and we will need to have a Rate Committee meeting soon.

Executive Session: Robinson moved to go into executive session to discuss Tri-State, receive legal advice, and receive a Tri-State SPP Presentation, seconded by Sparks. Ryan Hubbard and Brad Johnston with Tri-State were invited into executive session for their presentation. Motion carried. Went into executive session at 11:07 a.m. Came out of executive session at 12:35 p.m.

Adjournment: Meeting adjourned at 12:36 p.m.


David Sitton, President


Bob Barry, Secretary / Treasurer