

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MARCH 11, 2022

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, March 11, 2022, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, and Norman Butler. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Operation and Engineering Manager Ken Tarr, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, System Engineer Bill Barva, and Member Engagement Manager Andy Carter. Others present by Web Conference: Director Audra Fahrion and Business Services Manager Chris Snyder.

Others present by Web Conference: Members Emiko South and Ken Curtis.
Others present in person: Member Corey Robinson

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

Approve Consent Agenda:

Action Item: There is a correction on the February minutes. Director Larry Archibeque's name needs added to the list of attendees. Archibeque moved to approve the consent agenda with the amendment to the minutes, seconded by Butler. Motion carried.

Membership Input: None

Monthly Safety Report: Dellinger stated there were no personal injuries and one property damage. An employee was backing a truck and backed it into a post denting the rear of the vehicle. Tarr described the accident and that the Safety and Health Committee will be doing a Taproot investigation to explore whether there was an underlying cause of the accident. Discussion was had on our Safety Incentive Program and how it works to incentivize safety throughout the company. Sitton recommended reexamining this policy to make it more personal for employees. Sitton stated that he has noticed that both our crews and our tree trimmer can do a better job on traffic control when working on the side of the road. He would like to see us be more proactive in our traffic control procedures. Tarr stated that he will bring this up to the Safety and Health Committee and with Asplundh.

Correspondence:

NISC 2021 Patronage Capital Statement
Federated Report from the Board
NRECA Legislative Conference Information

Thank you letters:

Hospice of Montezuma for the annual donation and for the support of the Basin Matching Donation Grant
Pinon Project for the donation through the Touchstone Energy Hot Air Balloon 2021
Mary Kline for the Floral Arrangement

Policy Review/Action:

Policy 7: Safety and Health (02-14-2020): Dellinger explained that there were no changes suggested. Board agreed that no changes need to be made to Policy 7.

Policy 9: New Director Orientation (3-13-20): Dellinger explained that there were no changes suggested. Board agreed that no changes need to be made to Policy 9.

General Manager Report:

Action Item: Select Voting Delegate for CRC Election: Consensus from the board is that Dellinger will remain the Voting Delegate for CRC.

Action Item: Select Voting Delegate for Tri-State Annual Meeting: Lindsay moved to appoint Jerry Fetterman as the Tri-State voting delegate, seconded by Barry. Motion carried.

Action Item: Consider Annual Kinder Morgan Reconciliation Statement for 2021: Dellinger stated that our special contracts for service with Kinder Morgan and Cortez Pipeline call for an annual true-up of charges to ensure that we meet a defined times interest earned ratio (TIER). Johnson explained the reconciliation statements. The summary was discussed in detail. Barry moved to approve the KM Reconciliation Statements as presented, seconded by Fahrion. Motion carried.

Action Item: Consider Annual Cortez Pipeline Reconciliation Statement for 2021: Barry moved to approve the Cortez Pipeline Reconciliation Statements as presented, seconded by Fahrion. Motion carried.

Action Item: Select Election Judges for Annual Meeting: Butler moved to nominate Elena Prickett, Ruby Gonzales and Cookie Pickens as election judges and Mark Winkles as an alternate judge, seconded by Fetterman. Motion carried.

Action Item: Consider Large Power and Transmission Service Rate Tariffs: Dellinger explained that in past practice we have not used the power cost adjustment (PCA) and instead have updated the stated rates in the tariffs to align with the Tri-State rates. This has led to misalignment between the base rates in the PCA calculation and the stated rates in the Large Power (LP) and Transmission Service Rate (TR) tariffs. Removing the PCA clause will mitigate this misalignment. Since we have not been using the PCA for these rate classes, this change will not affect how our LP and TR members are charged. Archibeque moved to approve the Large Power and Transmission Service Rate Tariffs as presented, seconded by Barry. Motion carried.

A discussion was had with the Board about the latest Tri-State rate decrease. Dellinger stated that as promised, Tri-State implemented another 2% decrease on March 1, 2022. When we discussed this upcoming decrease last year, we had hoped to pass it directly on to our members like we did with last year's decrease. However, with inflation exploding and so much uncertainty in markets, staff recommends not changing our rates at this time. We are hopeful that things will settle down and we will be able to weather this storm without raising rates. A discussion was had about communicating this to our members.

Strategic Planning Update: Dellinger stated that this will be our last strategic planning update prior to our strategic planning session in May of 2022. Dellinger discussed the Plan and the actions that have been taken towards our goals. The next strategic planning session will be held on May 17 and 18, 2022. CRC will have a survey sent to Board Members and it will run from March 17- 31, 2022.

Financials: Johnson reported on the financials for January.

Action Item: Johnson stated that the auditors caught that we retired more "other" capital credits in calendar year 2021 than what the board approved. She mentioned that the type of capital credits to be retired was correct, but the dollar amount that was included in the board packet was incorrect. She explained the difference and how this discrepancy happened. The Board will need to ratify this new number if they are inclined. Lindsay motioned that

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we ratify the corrected amount of capital credits presented in the financial report, seconded by Barry. Motion approved.

Johnson also stated that Abby with CarlsonSV will be onsite for the audit review during the April Board meeting. She also stated that she handed out forms to the Board for the 990 report. She is asking that the board have this back by the end of the month. She also stated that the employee tax retention credit has been filed with the IRS and it could possibly take about 8 to 9 months to receive payment. Johnson then went over the January financials and stated that the financials look good.

Miscellaneous: Dellinger mentioned that a letter was sent for support for Denver Air Connections to provide service at the Cortez Airport.

Director Roundtable: Fetterman mentioned that he has received emails from Heidi Brugger with concerns that we aren't supporting low-income people or the net metering group. The member of Sangre De Cristo Electric protested their new proposed rates. Her concern was that EEA is headed down the same path. Fetterman explained to her that this wasn't the case with EEA. Archibeque stated that these concerns were discussed in the CREA annual meeting as well.

Attorney: Denning provided a written report. He mentioned that he had a call with counsel for the Ute Tribe regarding the joint use agreement and a resolution approving the agreement will be presented to tribal council.

Tri-State: Fetterman reported on the Tri-State meeting. He discussed a presentation that was done by Jeff Wadsworth regarding the micro grid project that Poudre Valley is doing. There were discussions on the hydrogen bills that are coming out in several states. A discussion was had with the Board regarding how involved in the Tri-State proceedings EEA should be. Denning cautioned that if we get more involved, we need a defined goal of what we want to accomplish. FERC involvement can get very expensive, and we may not be able to achieve the effect we want for how much we end up spending. Consensus from the Board is that we make our voice heard but be aware of costs.

CREA: Archibeque reported on the CREA Annual Meeting. Archibeque mentioned that Andy Carter won an award for best article and Ace Astor won an award for best photograph in the Colorado Country Life Magazine. He discussed some of the legislative bills that CREA is supporting. Archibeque and Barry took a class regarding Cyber Security.

Western United: Barry reported on the Western United meeting. Barry stated that they are struggling to get materials due to supply shortages. They believe that getting the Utah facility up and running will help them.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. He went to the Utah legislative conference. There was a bill that would drop the sales tax on cooperatives that did pass. Barry stated that Jeff Petersen URECA Director would like to come to one of our board meetings. Dellinger said that Jeff is welcome at any of our meetings.

FastTrack: Report will be in executive session.

Committees: Scholarship Committee – Consider approving the Scholarship Award Winners: There was a recommendation that the scholarship committee meet to go over the scoring and look at better methods to do this. Lindsay moved to approve the Scholarship Award Winners as presented, seconded by Butler. Motion carried. The Scholarship Award Winners are:

Montezuma-Cortez High School (8) - \$1000

- Cheyenne Castillo-Calvillo
- Zayne Clappe
- Koral Jackson
- Avery Wright

Trade Related (None)

Dolores High School (4) - \$1000

- Erin Marie Brown
- Shiloh Burger
- Allie Kibel

Trade Related (None)

Dove Creek High School (4) - \$1000

- Jessica Ayers
- Tara Buffington
- Ryan Jarmon

Trade Related (None)

Mancos High School (4) - \$1000

- Mariela Avalos
- Aspen Bumgarner
- Madres Moreno
- Evan Sehnert

Trade Related (None)

4 Completed applications were received.

28 Applications were reviewed for scoring by the committee.

4 Applications were incomplete and left in draft state on the website.

Executive Session: Lindsay moved to go into executive session for the FastTrack report, seconded by Butler. Motion carried. Went into executive session at 11:34 a.m. Came out of executive session at 12:48 p.m.

Adjournment: Meeting adjourned at 12:48 p.m.


Jerry Fetterman, Secretary/Treasurer

Monticello High School (4) - \$1000

- Madi Keyes
- Kylie Rogers
- Jessica Slack
- Brighton Torgerson

Trade Related (None)

Basin Scholarship - \$1000

- Makayla Wayman (Mancos High School)

Tri-State Scholarship - \$500

- Mason Goodwin (Mancos High School)
- Trinity Samora (Mancos High School)

Adult Scholarships (6) - \$1000

- Kierstan Anderson
- Talissa Bahr
- Courtney Cashner
- Allison Porter
- Natasha Spencer
- Arlina Yazzie

Empire Employee/Director Dependent - \$1000

- Gina Hollen
- Mersadez Wilcox


David Sitton, President