

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 11, 2024

Regular meeting of the Board of Directors of Empire Electric Association, Inc. was held Friday, October 11, 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, Operation and Engineering Manager Ken Tarr, Financial Manager Ginny Johnson, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference: Business Service Manager Chris Snyder.

Others present in person: Cortez Fire Chief Roy Wilkinson and Member Norman Butler.

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

Approve Consent Agenda:

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

Membership Input: None

Monthly Safety Report: Dellinger stated that there were no personal injuries or property damage. The monthly safety summary report is in the board packet. A contractor working on the Dolores Canyon Solar Project in Cahone got into our line with a track hoe. There were not any injuries. JUWI had a safety stand down and our safety coordinator visited with them regarding the precautions that need to be taken when working near power lines.

Correspondence:

- CRC Patronage Refund
- NRECA Colorado Annual Meeting Information
- Federated Member Update for September, 2024
- CRC Report from the Board
- WUE Patronage

Thank you letters:

- Pinon Project for the donation from our employee auction.
- Cheyanne Keim for purchase of her animal at the Montezuma Fair Livestock Auction.
- Brandt Mark for the purchase of his sheep at the Montezuma Fair Livestock Auction.
- Dallas Geisinger for the purchase of his goat at the Montezuma Fair Livestock Auction.
- Montezuma County Extension Office for support of the 4-H and FFA Programs.

Policy Review/Action:

Action Item: Policy 22: Right of Way (10-14-2022): Dellinger stated that staff and legal reviewed Policy 22 and no edits are suggested. There was a small grammar correction. Robinson moved to approve Policy 22 with the grammar correction, seconded by Archibeque. Motion carried.

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Policy 23: Financial Goals (11-11-2022): Dellinger stated that staff and legal reviewed Policy 23 and no edits are suggested. The board recently discussed including additional goals or targets in this policy such as return on rate base, capitalization ratios, and fixed minimum margin during the financial workshop in July. Consensus of the board at that time was to not make any changes but to further discuss during next year's strategic planning session.

General Manager Report:

Consider Cortez Fire Protection District's Information Request: Dellinger explained that we will re-visit this request from last month. They are requesting information on net metered solar arrays and EV's within their district. Fire Chief Roy Wilkinson explained the purpose of their request. They have concerns regarding the large lithium batteries used in energy storage systems and electric vehicles. They are concerned about the challenges to put out fires involving lithium batteries. They are requesting information on where these are so that firefighters can be aware of potential dangers when responding to calls. That information will go into their computer system which is a closed system and very confidential. The board discussed that we currently don't keep track of the storage systems or EVs. We know where potential back feeds could occur, but we don't track which ones have batteries. Consensus was that only knowing where net metered accounts are without knowing which ones have batteries would not be very beneficial to the district. Wilkinson requested that if we start tracking this information, they would appreciate it if we would let them know.

Action Item: Consider URECA's Donation Request: Dellinger explained that URECA is asking its member cooperatives to donate \$500 to purchase shotgun shells and raffle items for its upcoming Pheasant Hunt Fundraiser on November 14th. The invoice and information about the event are included in the packet. Funds raised by the event will primarily go toward a tour for legislators of the Bonanza power station and Deserado mine on December 4th and 5th. Any remaining funds will go toward the URECA lobbying activities. If the board approves this donation, it will be considered a taxable political donation like the donations we make to CREA's CARE program. Consensus from the directors is to not contribute to this donation request.

Action Item: Consider Wildfire Protection Plan (WFPP) Annual Report: Dellinger explained that System Engineer Dalton Randolph has developed our WFPP annual report, and it is included in the packet. If the report is approved, it will be filed with the Utah Public Service Commission as required by Utah State Code 54-24-203. Archibeque asked if Colorado has a plan like this. Randolph stated that Colorado does not have a law like Utah does, but we follow the same practices in both Utah and Colorado. It was stated that bills similar to the Utah bill have been proposed in Colorado before and one will likely be proposed again in the near future. Mollenkopf moved to approve the WFPP Annual Report, seconded by Robinson. Motion carried.

Review 2025 Preliminary Budget: Dellinger stated that Finance Manager Ginny Johnson has prepared our preliminary 2025 budget for the board to review. Staff have done a great job developing a budget that meets our operational needs without requiring any rate increases and meets our financial goals. Johnson explained each of the budget line items. She will be asking the board to consider moving the deferred revenue from 2024 to 2025. She asked for any feedback from the board. The final budget will be presented at November's board meeting with the changes discussed.

Financials: Johnson reported on the financials for August. Johnson answered questions about depreciation and discussed the balance sheet in depth. She stated that the finances continue to look good, and we are meeting all of our financial goals. Johnson mentioned that we had a 2024 budget item of a trailer that was ordered in 2024, but we will not be receiving it until 2025. She also updated the board on our grant funding efforts. She recently participated in a NRECA grant workshop. She mentioned that the New ERA grant in which we applied for the community solar garden has not announced any winners yet.

Miscellaneous: Dellinger mentioned that he visited with Kyle Hanson with Timberage Systems out of Durango. They are planning on building a manufacturing facility in Mancos. Their plan is to use locally sourced pines to build panels for modular housing. They are working with the Colorado School of Mines to apply for a DOE grant for a biomass generator at the site. They are in the beginning stages. If they are able to get this grant in, they will ask us for a letter of support and Dellinger will provide one.

Director Roundtable: Sitton mentioned that in the past, EEA sent employees to national conventions or different types of conferences each year. He asked if it would be valuable to start sending employees to this again. Dellinger stated that if an employee wants to go to any type of convention, conferences or training that we will usually let them attend. Sitton stated that he understands that certain employees go to these types of conferences, but he would like to see us give the opportunity to the employees that don't normally attend. Dellinger stated that we can do a better job in making our employees aware of the different conferences available.

Attorney: Denning provided a written report in the board packet. Denning has been working on the Argon / Princeton agreement. He stated that Princeton is our member, and they are the ones that will be making the deposit and paying the bills. He stated that the language for both the Houston and Princeton agreements for has been agreed upon and we are just waiting for Princeton to send a signed copy of their agreement to us before we sign both. The administration building contract has been reviewed and the contract has been sent back with a punch list of adjustments. He also reviewed the Tri-State contract which will be discussed in executive session.

Tri-State: Robinson reported on the Tri-State Board meeting. He thanked everyone for attending the regional meeting that was held in Dolores. Archibeque stated that he thinks Tri-State's accomplishments are not being communicated very well and they need to communicate this with their members in a more sufficient manner. The board agrees that the information presented at the meeting was excellent information. Dellinger stated that he is disappointed that EEA will not be able to service the Dolores Canyon Solar Project. He feels that since this is in our territory, we should be able to service these types of projects. Robinson stated that they discussed how the New ERA grant was going to be spent. He stated that they plan to receive some of the grant in cash and some of it in low interest loans in order to maximize the financial benefit to Tri-State. Robinson asked Dellinger about the rate settlement meeting. Dellinger stated that this meeting was virtual, and it was primarily just an introductory meeting. Dellinger discussed the timeline of the settlement process.

CREA: Archibeque reported on the CREA Board meeting. He stated that there will be a budget meeting on Monday. They are also reviewing associate memberships. There are some members that don't want to allow associate memberships and some that want them. They will be looking at this policy with the possibility of non-voting memberships. Taylor Ward was hired as the new director of government relations. CREA will also contract with Tim Coleman's firm for lobbying assistance. The safety director's position has not been filled. They offered the position, and that candidate declined. They will repost this position and begin interviews again. The Innovation Summit will be from October 26th through October 29th.

Western United: Barry reported on the Western United Meeting. Barry stated that the financials are in the board packet. They continue to do well.

Utah Rural Electric Cooperatives Association: Barry stated that the meeting is coming up next week and he unfortunately won't be able to attend that meeting. He stated that the Utah governor wants to begin an initiative to double Utah's generation in 10 years with a project called Operation Gigawatt. There is a focus on nuclear and transmission.

Committees: None

Executive Session: Archibeque moved to go into executive session to discuss the new HQ Building Design – Build Contract Exhibits, consider the sale of the HQ Property, to discuss Tri-State BYOR opportunities and contract committee, FastTrack, and to receive legal advice, seconded by Robinson. Motion carried. We went into executive session at 11:53 a.m. Came out of executive session at 12:47 p.m.

Adjournment: Meeting adjourned at 12:47 p.m.



David Sitton, President



Jerry Fetterman, Secretary / Treasurer