

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OCTOBER 14, 2022

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, October 14, 2022, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, Norman Butler, and Corey Robinson. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Operation and Engineering Manager Ken Tarr, and Member Engagement Manager Andy Carter. Appearing by web conference were System Engineer Dalton Randolph and Business Service Manager Chris Snyder.

Others present: None

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

Approve Consent Agenda:

Action Item: There was one error on the September minutes. It had Director Bob Barry listed both as present and absent. He was absent and his name needs to be removed from the present section. Robinson moved to approve the consent agenda with the correction to the minutes, seconded by Lindsay. Motion carried.

Membership Input: None

Monthly Safety Report: Dellinger mentioned that there were no personal injuries. There was one property damage to our digger derrick truck. The crew was driving through some brush and a stick stuck between the serpentine belt and a pulley, causing the water pump to not operate. The truck overheated to the point that it caused internal damage, and the engine will need to be replaced. We are working with Federated Insurance to repair the damages.

Correspondence:

CRC Patronage Refund
CRC Report from the Board Room
Western United Patronage Dividend
Montezuma Heritage Museum sent an invite to their open house.

Thank you cards from:

Southwest Colorado Concerts for annual sponsorship.
The 2022 Dolores County Jr. Rodeo, 4-H Program and Fair for annual sponsorship.
The 2022 Dolores County 4-H Livestock program for annual donation.
Emmry and Lyric Wilcox for the add on to their livestock sale at the San Juan County Fair.
CJ Wright for purchasing his goat at the Montezuma County Fair Livestock Auction.
VFW Post 5231 Stand Down for Veterans for the annual donation.
Alise and Amy Lewis for the add on at the San Juan County Fair.

Policy Review/Action:

Action Item: Policy 21: Capital Credits (02-14-2020): Dellinger explained that there was a minor change to make the policy more clearly match the current board practice by stating that the board will take action in approving the capital credits. Fetterman moved to approve Policy 21: Capital Credits as presented, seconded by Butler. Motion Carried.

Policy 22: Right of Way (09-11-2020): Dellinger stated that staff and legal reviewed and there are no suggested edits.

General Manager Report:

Review Preliminary Budget: Dellinger stated that Johnson put together a preliminary budget and it is in the packet for review. As proposed, the 2023 budget does not call for any rate increases and meets all our financial goals. Staff continues to be cost-conscious as we navigate increasing costs. Johnson explained that the budget is not much different than 2022 but we did add a line item for grant funding. Discussion was had on grant funding and who will be administering the grant writing. Johnson stated that we are looking at consultants to assist in this process. Sitton asked about our five-year construction workplan and what it calls for regarding system upgrades and budgeting around those upgrades. Johnson went over line items. Final draft of the budget will be presented to the board in November's board meeting for final approval.

Consider the 2023 Donation Requests: Dellinger stated that the Board met on September 26, 2022 to evaluate the donation requests that were received for the 2023 Budget. Consensus from the Board is to place these donations in the 2023 budget as presented for approval in the November's Board meeting.

Action Item: Consider a \$5000 donation to Mesa Hotline School: Dellinger stated that Mesa Hotline School is seeking donations to cover the costs of moving to a different campus. The consensus from the board during the donation meeting was to remove it from the 2023 budget request and donate \$5000 to this cause from the 2022 budget. This amount will come out of unclaimed capital credits which will not impact our operating statements, but it does impact our cash position; however, our cash position is still strong. Lindsay moved to approve the \$5000 donation to Mesa Hotline School, seconded by Fetterman. Motion carried.

Action Item: Consider NRECA Voting and Alternate Delegate for Colorado NRECA Membership Meeting: Dellinger stated that the Colorado NRECA Membership Meeting is held in conjunction with the CREA fall meeting on November 8, 2022. Lindsay moved to appoint Archibeque as the NRECA Colorado Voting Delegate and Barry as the Alternate Delegate, seconded by Butler. Motion carried.

Action Item: Consider Wildfire Protection Plan Annual Compliance Report: Dellinger explained that Utah wildfire protection law requires us to submit an annual compliance report to our board and then to the Utah Public Service Commission. The report explains how we have complied with our Wildfire Protection Plan over the past year. System Engineer Dalton Randolph explained what we have accomplished over the year to stay in compliance with the plan. Barry moved to approve the Wildfire Protection Plan Annual Compliance Report as presented, seconded by Lindsay. Motion carried.

Action Item: Consider Support Letter for Region 9 Grant Application: Dellinger stated during the September Board meeting, there was consensus from the Board that EEA should support Region 9's broadband efforts. A draft letter is included in the packet for consideration. Archibeque moved to approve the support letter for the Region 9 Grant Application, seconded by Robinson. Motion carried.

Action Item: Consider NEO Connect's GIS Data Release Request: Dellinger mentioned that we received a request from NEO Connect for certain GIS information. NEO Connect is working with the Ute Mountain Ute Tribe to build fiber to the home. They have asked for information about our poles on the reservation. Their

requests falls under Policy 51 – Information Disclosure. We have typically released GIS data for these type of requests in the past. Fetterman moved to approve NEO Connects requests, seconded by Butler. Motion carried.

Action Item: Consider Approving the Engagement Letter for New Auditors, DeCoria & Company PC: Dellinger explained that in September’s Board meeting the Board approved DeCoria & Company PC as EEA’s auditors. The Engagement Letter is in the packet and needs approval. Archibeque moved to approve the Engagement Letter for DeCoria & Company PC, seconded by Lindsay. Motion carried.

Financials: Johnson reported on the financials for August. She stated that financials look very good. She highlighted on the new services connected. These are driving our margins because we are selling more kWh and have more grid access fees that were not budgeted. Dellinger stated that we are going to be setting a record this year for the number of new services. Johnson stated that if we continue this type of growth, she will need to do a new cost of service study to evaluate rates. She stated that on the budget variance sheet, it shows that residential revenue is up due to a conversion of some of our rate from small commercial to residential. Discretionary and operational expenses still continue to be under budget.

Miscellaneous: Dellinger stated that the Kinder Morgan Load Forecast is in the packet. He explained that they give us a forecast every year and it looks like they are staying steady.

Dellinger mentioned that we had received an inquiry from a company that does bitcoin mining. Tri-State stated that they could not hit the target for this particular load. They have come back and said that they could possibly make it work now, so Dellinger is back into negotiations with this company. This is still in the early stages, and he will continue these discussions with them.

Dellinger received a call from the Dolores Fire Department asking us to help out with removing old Fire Sirens and replacing with new ones. He stated that we would like to do what we can but with the new OSHA crane operating rules, we may be in a situation where we can’t be of much assistance to help them. Consensus from the board is to do what we can to help them out.

Dellinger stated that the Mancos transformer will be put back in service on November 9th. We have scheduled an outage during the middle of the night to be able to complete this. We will communicate this planned outage with direct calls to the members that will be affected.

Dellinger mentioned the save the dates:

Western United’s open house for their new warehouse in St. George, UT on November 1st.

Tri-State new director orientation will be held on November 30th.

Steve Gritz’s Retirement Party will be held on November 10th.

The Kids Christmas Party will be held on December 9th.

The Adult Christmas Party will be held on December 10th.

Director Roundtable: Fetterman mentioned that there has been a group formed to stop any solar projects in the Pleasant View area. A discussion was had regarding this information.

Attorney: Denning provided a written report. He had no additional highlights to what was in his written report.

Tri-State: Fetterman reported on the Tri-State meeting. He stated that they have reviewed the budgets. Dellinger stated that they are looking at reducing one of their financial goals to lessen a rate increase. There will probably be a rate increase in the near future. The Tri-State attorney will be retiring. Tri-State had copper stolen from a few substations and the thieves were caught. Dellinger discussed the Rate Committee meeting. Most discussion has been about various methods for allocating fixed generation costs and the tilt each produces, and whether to adopt formulary or stated rates.

CREA: Archibeque attended the CREA Education and Communication Committee Meeting and the CREA Budget and Finance Committee Meeting. He presented a written report in the board packet.

Western United: Barry reported on the Western United meeting. He stated that they continue to struggle on supply chain issues. The new warehouse is ready to open in St. George, UT. They are in discussion about expanding into different areas in Arizona and Nevada.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. He stated that Utah's meetings concentrate on local politics. The next meeting is next week in St. George, UT. He won't be able to attend that meeting.

FastTrack: Report will be in executive session.


Committees: No committee reports for this meeting.

Executive Session: Archibeque moved to go into executive session for discussion of FastTrack, seconded by Robinson. Motion carried. Went into executive session at 10:55 a.m. Came out of executive session at 11:16 a.m.

Adjournment: Meeting adjourned at 11:16 a.m.



Jerry Fetterman, Secretary/Treasurer



David Sitton, President