

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
SEPTEMBER 9, 2022

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, September 9, 2022, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, 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, Business Service Manager Chris Snyder, and Member Engagement Manager Andy Carter. Absent was Director Bob Barry.

Others present: Member Heidi Brugger and Region 9 Regional Projects Manager Shak Powers

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

Approve Consent Agenda:

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

Membership Input: None

Monthly Safety Report: Dellinger mentioned that there were no personal injuries. We passed our old record of 1664 days without a lost time accident. We are now at 1668 days. There was one property damage of a chipped windshield.

Correspondence:

Federated Report from the Board

Thank you cards from:

Cindy Bennetts for the plant for Paul Bennetts' service
Elijah Jarmon for purchasing his pig at the Montezuma County Fair
Kennedy Brewer for the scholarship
Britton Brewer for the scholarship
Monticello High School for annual donation.

Policy Review/Action:

Policy 19: Local Vendor Preference (7-10-2020): Dellinger stated that staff and legal reviewed Policy 19 and no changes are suggested.

Policy 20: Rate Design (08-14-2020): Dellinger stated that staff and legal reviewed Policy 20 and no changes are suggested.

General Manager Report:

Action Item: Consider Authorizing EEA to pursue a 75/25 FEMA Hazard Mitigation Grant for Undergrounding 5 Miles of Existing Overhead Line along the West Fork: Dellinger explained that EEA is working on a grant from FEMA for undergrounding five miles of existing overhead line along the West Fork of the Dolores River. This project would be a beneficial system improvement that will mitigate wildfire risk and reduce storm-related outages. FEMA would fund 75% of the project. The grant application requires commitment from EEA that we

September 9, 2022

Page | 1

will be willing to fund 25% of the project if the grant is awarded. We are looking at funding of \$5 million which would require a commitment of \$1.25 million. Archibeque moved to authorize EEA to pursue this grant opportunity and commit to the \$1.25 million as a 25% match, seconded by Lindsay. Motion Carried.

Action Item: Consider Auditors RFP's and Select Auditor: Dellinger explained that we had several RFP's for Auditors that were included in the packet. After checking references, staff is recommending DeCoria & Company. Lindsay moved to approve DeCoria & Company as our Auditors, seconded by Robinson. Motion carried.

Action Item: Consider 2022-2025 Strategic Plan: Dellinger stated that the 2022 – 2025 Strategic Plan was brought to the board during August's meeting and the board asked to have him put safety in its own category and add FastTrack on as a goal along with action items. Those changes were made, and he has brought back the plan for final approval. Lindsay moved to approve the 2022-2025 Strategic Plan as presented, seconded by Butler. Motion carried.

Action Item: Select Voting Delegate for CFC Director Election: Dellinger explained that the CFC Director Election will be held on September 28, 2022. We can vote in person or by mail in ballot. Dellinger stated that he has been the voting delegate in the past and he would gladly do it again. He recommends that EEA cast their vote for Darick Eisenbraun. Archibeque moved to appoint Dellinger as the CFC Voting Delegate, seconded by Butler. Motion carried.

Action Item: Select Voting Delegate for FastTrack Shareholder's Meeting: Dellinger stated that we need to select a Voting Delegate for FastTrack Shareholder's Meeting. Archibeque moved to appoint Bob Barry as the Voting Delegate, seconded by Lindsay. Motion carried.

Action Item: Select 2023 Annual Meeting Date: Dellinger stated that we need to select an Annual Meeting Date for 2023. He recommended June 15, 2023. Lindsay moved to approve the 2023 Annual Meeting be held on June 15, 2023, seconded by Archibeque. Motion carried.

Financials: Johnson reported on the financials for July. Dellinger mentioned that the number of new services will be more than our record for any other year by the end of this year. Johnson discussed that the financials look very good. July margin was higher than expected, which was partly due to timing and will true up in the next few months when expenses start coming in.

Miscellaneous: Dellinger stated that we are starting to see power factor issues in certain spots due to high levels of distributed generation (DG) penetration. Most inverters are set to run at unity power factor, which means they supply watts but no VARs. Thus, we supply less watts to the system but the same amount of VARs, which decreases our system power factor. Tri-State has the ability to penalize us if our power factor dips below 95% at any delivery point. Tri-State has not enforced any penalties yet, but we are below 95% at a few of our subs. To keep this problem from exacerbating, we are investigating requiring new net metered installations to utilize custom inverter settings. LPEA began seeing system issues related to high DG penetration several years ago. They began requiring custom settings, and they have largely solved their issues. LPEA dealt with voltage instead of power factor issues, but the underlying concept is the same because inverters can control to voltage or power factor. Using custom inverter settings will allow for a more symbiotic relationship between our system and net metered installations. It will be a change that may take installers some time to get used to, but it will move in a direction that will be good for all. We are presently pushing the limit on how many more net metered systems can connect in certain areas; but with a more symbiotic relationship in which DG helps support our system VARs and voltage, we can likely increase the number we can handle.

Region 9 Director Shak Powers spoke about actively pursuing grant funding to build a middle-mile backbone across the Region. He stated that they are applying for \$87 million which will need to have a 30% match. He is asking Empire to contribute to this amount using an in-kind contribution by allowing them to use the comm space on our poles and waive the pole attachment fees. EEA would get four strands of fiber to use how we see fit. Dellinger mentioned that the ROW easements would need to be perfected by the organization putting in the fiber. Instead of waiving the pole attachment fee and receiving four fibers, we may have to pay the same amount to the owner for the four fibers that they pay EEA for pole attachment fees in order to ensure we are not giving special treatment to one attacher over others. Board consensus is to allow Region 9 to use our poles with the pole attachment fees included as an in-kind donation to pursue the grant.

Dellinger mentioned that the CREA Innovative summit is being held on November 5 – 8, 2022.

Director Roundtable: Fetterman mentioned the opposition to the Pleasant View solar project. He also noted that Guzman will likely buy the power from the project. Dellinger stated that in Delta, they are allowing sheep grazing underneath the panels.

Dellinger gave an update on the three solar projects that are going on in our area.

Attorney: Denning provided a written report. He had no additional updates.

Tri-State: Fetterman reported on the Tri-State meeting. The meeting was held virtually. In July, Tri-State hit a record load. Negotiations with United are going well. They would like to make a settlement with United that would be consistent so that all members would get the same deal. There is a potential sale of the Rifle area plant to Holy Cross.

CREA: Archibeque stated that there wasn't a CREA meeting this month. There will not be a meeting in September or October. There is an educational committee meeting the end of September that he will be attending. He also has been assigned to the Budget and Rate committee.

Western United: Barry was absent, no report was given. Dellinger stated that he received a recent communication regarding supply chain issues from them.

Utah Rural Electric Cooperatives Association: Barry was absent, no report was given.

FastTrack: Report will be in executive session.

Committees: No committee reports for this meeting.

Executive Session: Lindsay moved to go into executive session for discussion of FastTrack, seconded by Robinson. Motion carried. Went into executive session at 10:52 a.m. Came out of executive session at 11:12 a.m.

Adjournment: Meeting adjourned at 11:12 a.m.



Jerry Fetterman, Secretary/Treasurer



David Sitton, President