

EMPIRE ELECTRIC ASSOCIATION, INC.  
MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
March 9, 2018

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, March 9, 2018 with the following directors present: Jerry Fetterman, Kent Lindsay, Sue McWilliams, Bill Mollenkopf, and John Porter. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Corporate Operations Manager Mary Thiesing, Finance Manager Ginny Johnson, Operations Manager Ken Tarr and Executive Secretary Denise Rosenbaugh. Directors Absent: David Sitton and Bill Bauer

Others Present: Members Heidi Brugger, Ellen Foster, Read Brugger, and Chris Giangreco (Canyon Country Discovery Center)

Secretary Fetterman called the meeting to order at 8:30 a.m. Fetterman was elected as President *pro tem* by consensus of the board to chair this meeting since President Bauer and Vice-President Sitton were absent.

Approve Consent Agenda:

**Action Item:** Fetterman called for approval of the consent agenda. Motion by McWilliams to approve the consent items. Motion seconded by Lindsay and carried.

Membership Input:

Member Heidi Brugger asked if Empire tracks how much money Empire saves on its power bill through its energy efficiency programs. Dellinger said that is hard to determine because it is hard to estimate how often appliances get used and it is hard to estimate how much less energy a new appliance uses compared to the one it replaced. It was noted that our energy efficiency programs fit Empire's mission in helping members with their electrical needs. Brugger asked since these programs are sponsored by Tri-State, do they track, and the answer was we have not seen their estimates. Mollenkopf also mentioned that Tri-State promotes efficiency to put off adding additional resources.

Read Brugger thanked everyone for the donation to the community garden. He said that they sent in a proposal to Tri-State and they donated as well.

Chris Giangreco updated the board on the Canyon Country Discovery Center and said that they have served many students from the area – both from Colorado and Utah. They used to be known as the Four Corners School of Outdoor Education and are now the Canyon Country Discovery Center. He updated the board on their past activities and expected future activities. He thanked the board for its continuing support.

Correspondence

Thank you from:

- Cortez Community Gardens for Empire's recent donation to install a drip irrigation system
- Galloping Goose for Empire's annual donation
- Mancos Public Library for Empire's annual donation
- Workers Compensation Coalition for Empire's ongoing support and membership

Other correspondence:

- CFC Annual Membership Report

Donation Requests:

none

Policy Review/Action:

Policy 21 - Capital Credits: Dellinger reported the changes to this policy are a few typo corrections and one minor wording change to II.A.5.d as included in the written packet. Motion by Lindsay to accept Policy 21 as amended, motion seconded by Porter and carried. Copy of Policy 21 attached hereto and made part of these minutes.

Policy 22 - Rights of way: There were no suggested changes and the policy will be marked as reviewed with no changes.

General Manager Report:

**Action Item:** Per last month’s decision to begin offering the CFC/NCB distributed generation loan program, motion by Mollenkopf to adopt the following resolution:

**Resolution 1-2018**

RESOLVED, that the Cooperative establish a Loan program with National Cooperative Bank, N.A. subject to the provisions of the EC – NCB Program Agreement substantially in the form submitted to this meeting (the "EC – NCB Program Agreement"); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to NCB the following documents:

- a) EC – NCB Program Agreement;

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to execute any future amendments to said EC – NCB Program Agreement as such individual may deem appropriate within the Agreement so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Title or Office</u>	<u>Name</u>
President	William C. Bauer
Secretary	Jerry Fetterman
General Manager	Josh Dellinger
Corporate Operations Officer	Mary Thiesing
Finance Manager	Virginia A. Johnson

Motion seconded by McWilliams and carried.

**Action Item:** Empire has received a request from Montezuma County for GIS data of our electrical system. This request falls under Policy 51 Information Disclosure Policy, which says that any request for information not covered specifically in the policy must be brought before the board. Discussion was held regarding security concerns. It was noted that the County has signed our confidentiality agreement. Staff recommends that we release pole, line, and substation location data. Motion by Porter to grant the County’s request according to staff recommendations. Motion seconded by Mollenkopf and carried.

**Action Item:** Motion by McWilliams to appoint Bill Mollenkopf as Empire’s delegate for the Tri-State annual meeting. Motion seconded by Lindsay and carried.

**Action Item:** As a member of the Cooperative Response Center (CRC), Empire is allowed to vote in board elections. Voting is done by mail. Motion by Porter to appoint Manager Dellinger as Empire's delegate. Motion seconded by Lindsay and carried.

Dellinger gave an update on the Strategic Plan as outlined in the written packet.

Jules Bitsilly discussed the results of the safety survey as included in the packet. Bitsilly noted the transparency of near misses is an asset to our safety program and mentioned that it is the goal of the safety committee to do this survey on an annual basis to formulate questions that will drill down to any issues so that we can always improve our safety program.

Ginny Johnson reported on the financials and mentioned that most of the budget variances are due to timing issues. She noted that January is hard as one month does not show a lot of trends and the demand was lower than last year due to mild weather.

Dellinger asked the board for feedback on the graphs included in the packet and the board appreciated the histogram representations.

Staff is still working on Totten Lake solar project. We are still cautiously optimistic price wise and terms wise that we will be able to come to an agreement with a vendor. There seems to be a surprising lack of flexibility to negotiate PPA from the vendors. We need to have the project online by February 2019.

Dellinger reported there is renewed interest from Tri-State and PNM for renewing easements on the dark fiber network path. A global NDA has been signed with all parties involved so everyone can talk freely about this. Dellinger is hopeful that the parties will be able to come to a solution.

Dellinger reported that the Tri-State asset transfer is moving along. We received partial lien releases from CFC and CoBank and hope to close on phase 2 soon. This phase includes the CO2 substations. The next phase will include the CO2 transmission lines and switchyards. We need to amend our facilities management agreement and address a few metering issues in the CO2 substations. The net book value is minimal since all the CO2 assets were paid for by our CO2 customers. The payment from Tri-State for these assets will be all property tax value, which is about \$150,000. There was a brief discussion regarding La Plata Electric and their reasons for not transferring assets to Tri-State and it was noted that they had a lot of tribal lands and Tri-State does not take assets on Tribal land. Tri-State did not take Empire's Nuchu line.

Dellinger noted the Colorado Association of Municipal Utilities (CAMU) rate survey included in the packet. Question was asked how much Empire's residential load is qualified for Low-Income Home Energy Assistance Program (LIHEAP) and it was noted that the LIHEAP season runs through March and then we could have that information for this year. It was also noted that while we do not have the exact load data the LIHEAP program provides assistance to several people in our service territory.

Dellinger informed the board that staff recently took a cursory look at Empire's idle services and several issues were noted. We had 950 idle services at the end of February, some of which have been idle since the 1980s. The primary issue is that we have equipment in the field that we are maintaining, but we are not recovering any revenue from these services to cover the costs of maintaining such equipment. Thus, the rest of the membership ends up bearing the costs for us to maintain this equipment, which presents an unfair situation. Our grid access charge is designed to collect a portion of our fixed costs, but it is only charged for active services and not applied to idle services. Our present grid access charge coupled with the number of idle services we have represents about \$30,000 a month in unrecovered revenue that gets socialized across all of our members. The fairest thing to do would be to charge idle services the grid access charge each month but that would require a major shift in

how we have always operated. Seasonal and irrigation services that have been able to come off and on as they please without incurring monthly charges would likely be unhappy with such a shift. It was suggested to define the difference of idle services, such as seasonals, irrigation, how long they have been idle, etc. Discussion was held regarding the cost of removing a service, etc. Dellinger asked the board to think about what they would like to do and staff will attempt to develop an approach for addressing this issue.

Roundtable:

McWilliams was disappointed in the class she took at the CREA Annual Meeting but felt the meeting itself was good as was visiting the legislators at the Capitol.

Attorney:

Denning reported the FERC decision is still at a standstill. Ute Mountain Ute joint use agreement is still not moving, and they are still on standby for the Century Link Joint Use Agreement. Dellinger reported on DFNA issues. Denning also said she reviewed an interconnection agreement for behind the meter generation for Member Services.

Director Lindsay left the meeting at 10:35 a.m.

Tri-State:

Mollenkopf reported on the Tri-State meeting. He showed a YouTube video on renewable projects Tri-State is involved with. He reported on the financials of Tri-State and the activities of the Finance Committee. Sales and revenues have increased and Tri-State is generating and delivering more electricity without increasing costs to do so. All ratios are good. Annual meeting is next month. Mollenkopf briefly discussed member and non-member energy sales and reported on information they received on the Cimarron Solar Annual Generation. Southwest Powerpool was discussed at the meeting, and he distributed and briefly discussed Member Value Services and Benefits information.

CREA:

Porter discussed CREA's meeting as included in the written packet. CREA may write a letter of support for LIHEAP. Porter briefly discussed legislative issues including the Economic Development rate bill Xcel hopes to introduce. He noted there is a revenue surplus for the state so don't know where that will go. CREA will have an all-day strategy session April 26th. Porter discussed several roundtable issues as included in the written packet.

Western United:

McWilliams reported on the meeting held at the annual meeting. Western United will not meet until April, and they are in middle of new CEO search and will begin looking at candidates in March. Budget is way ahead of last year and doing well. CEO Mike Prom plans to retire in 2019. McWilliams also said the glove testing program seems to be doing well.

Utah Rural Electric Cooperative

Dellinger reported that the bill that exempts small out of state cooperatives from UT PSC regulation has now passed out of both chambers of the legislature without a single negative vote. It passed 69-0 in House and 24-0 in Senate. Now we are just waiting on Governor approval for the bill to become law. Their annual meeting will be April 18<sup>th</sup>.

Committees:

Porter reported on the student and adult scholarships and explained the process. After discussion, motion by Mollenkopf to award scholarships to the following individuals upon the scholarship committee's recommendation:

**Montezuma-Cortez High School (8)**

1. Hanna Carver – Tri-State
2. Jason Engel
3. Trystan Henderson
4. Brendon Jones
5. Sidnie Majors
6. Maddi Phelps
7. Nicole Shock
8. Danae Thompson

**Dolores High School (4)**

1. Jasper Breitenbach
2. Cameron Elder
3. Justin Purkat

**Dove Creek High School (4)**

1. Marissa Buffington
2. Faith Johnson - Tri-State

**Mancos High School (4)**

1. Ashley Cole
2. Jake McKie
3. Roan Russell
4. Zane Wilson

**Trade Related (1):**

Raul Calderon Ortiz (Automotive)

**Monticello High School (4)**

1. Thomas Anderson
2. Justin Cecil
3. Abigail Nielson
4. Erin Rogers

**Trade Related (0):**

**Adult Scholarships (6)**

1. Annaleigh Curtis
2. Bridget Horrocks
3. Nathan Larsen
4. Carrie Palmer
5. Haley Saunders
6. Shania Snow

**Basin Scholarship**

Caleb Yoder (Mancos High School)

**Empire Employee/Director Dependent**

Parker Bell  
Brayson Wilcox

Motion seconded by McWilliams and carried.

FastTrack:

To be discussed in executive session.

Member Foster noted that the County is considering updating land use codes and it could be an opportunity for Empire to have input on set back issues. Empire will reach out to the County.

In light of Thiesing leaving May 25<sup>th</sup>, Porter thanked Mary for all her service.

Executive Session:

Motion by McWilliams to go into executive session to discuss FastTrack. Motion seconded by Porter and carried. The board went into executive session at 11:10 a.m. Attorney Denning left the meeting before executive session and was not in attendance during executive session. The board came out of executive session at 11:25 a.m.

**Adjournment:**

Meeting adjourned at 11:26 a.m.

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Bill Bauer, President

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Jerry Fetterman, Secretary/Treasurer