

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

August 19, 2011

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, August 19, 2011 with the following directors present: Bill Bauer, Jerry Fetterman, Kent Lindsay, Sue McWilliams, Bill Mollenkopf, John Porter and Dave Sitton. Others present: Attorney Shay Denning, Executive Secretary Denise Rosenbaugh, Member Services Manager Doug Sparks, Operations Manager Scott Ehmke and Accounting Manager Mary Thiesing.

Others present: none

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

Approve Consent Agenda:

Bauer called for approval of the consent agenda items. Stephens requested that union negotiations be discussed under the executive session portion of the agenda. McWilliams noted that on the Western United Report where the minutes discuss the strategic planning session, that session dealt with accounts receivables, not the entire organization. There was one large power agreement - Maverick Store in Monticello. Motion by Sitton to approve the consent agenda. Motion seconded by McWilliams and carried.

Correspondence:

Thank you letters:

- Kendra Cox, Jennifer McDonald, and Tatum Martinez for scholarships Empire awarded them
- Donation to four corners builders golf tournament
- Annual contribution to Leadership Montezuma
- Little league baseball team for Empire's sponsorship

Donation Requests: none

Membership Input: Discussed the letter included in the written packet from a member expressing concerns relating to Empire's membership in Colorado Rural Electric Association (CREA) and the political action committees (PACs): 1) the Colorado Advocates for Rural Electrification (CARE), and the Action Committee for Rural Electrification (ACRE). After discussion, Stephens was instructed to write the member a response letter addressing his concerns. A suggestion was made to discuss this in a future article of Colorado Country Life and Stephens said he would do that in the next edition.

Assistant Member Services Manager Bobbe Jones introduced Steven Garner who gave a presentation on his Washington DC youth tour. Employee Alisa Gardinier and students Kaycee Schurr and Reisha Price reported on the CREA youth camp held in Steamboat Springs. Discussion was held on how the youth camp information is supplied to the schools and the board consensus that this program is definitely worthwhile. Discussion of encouraging the other cooperatives who do participate to join up in this endeavor and that the type of presentation this board just saw should be presented to the CREA Board.

Policy Action/Review:

Policy 49 (Economic & Community Development) and Policy 50 (Board Member Education) were reviewed and no changes were made.

Reports:

General Manager:

Stephens passed around the new director signup sheet that is a result of discussion at last month's board meeting.

Board meetings for 2012 using the changed date of the second Friday of the month were approved.

Action Item: Stephens reported on the proposed start and end day of the four day work week beginning April 2nd and ending October 4th, 2012. Ehmke reported that a system operator works Tuesday thru Friday so it's on straight time on Friday and a retired employee is working Fridays for connects and disconnects. Sitton reiterated that he remains opposed to the office being closed on Friday due to customer service issues. After discussion, motion by Porter to approve the four 10 hour days beginning April 2nd and ending October 4th, 2012. Motion seconded by Mollenkopf and carried with Sitton and McWilliams opposed. Discussion was held regarding the survey in the past and the membership's overwhelming support of four 10 hour days; however, that question was not asked in this year's survey.

A budget workshop date was set for Thursday, October 20th beginning at 8:30 a.m.

Stephens reported on the meeting he and Noble attended on Wednesday regarding the KM 115 kV asset transfer to Tri-State. One agreement deals with O & M that Empire performs at the Towaoe Hydro power plant substation. It is a 4 party agreement between Western, the Bureau of Reclamation, the Dolores Water Conservancy District and Empire. The agreement provides that Empire needs to provide a 90-day notice to terminate its part of that agreement. Stephens said he had provided the 90-day notice earlier in the week. It appears that Western will end up performing the O&M with the Bureau paying the bill.

Stephens distributed and discussed meter data provided by engineering. Stephens wanted to show the board the type of data Empire collects. This is in response to the recent video he had sent to the board regarding apparent privacy issues with smart meters. Denning reported that a youtube video surfaced on the Electric Co-op Bar Association web page with a similar letter that was delivered to a co-op in Delaware and there is ongoing discussion about whether the co-op has any obligation to abide by the request not to install the smart meter.

Stephens reported there have been 1,069 responses from members regarding the options of what to do with their capital credits. Of those responses, 672 chose to get their refund by check, 360 chose to have it added to their account. There were 37 donation requests: 8 to Energy Outreach; 7 to Renewable Energy/Solar Garden; 10 to the Scholarship Fund; 5 to Montezuma Emergency Action Coalition; 5 to United Way; and 5 to the Monticello Foundation.

Stephens directed everyone to his report on a proposed balanced performance scorecard which would show how Empire would stack up with benchmarks from other cooperatives in the country. He would like to get this implemented before the end of the year. He also discussed the engineering feedback survey that goes to members that have had a line extension. This survey shows we are doing well.

Stephens showed the latest Safety Award Empire received from Colorado Rural Electric for “one year no loss time accidents” Ehmke is now serving as chairman of the safety committee and according to Stephens - doing a “bang up” job. Motto will always be to keep eye on safety instead of the prize. NRECA has redone the RESAP so timing of that is great. The board again reiterated their support for the safety program.

Thiesing discussed the financials.

Suggestion of operations providing a graph on outages in the general manager’s report. Ehmke said he will do that.

Director Roundtable:

Ehmke revisited a powerpoint showing the thoughts that went behind decisions made regarding the Operations Center. Question was asked that during these difficult economic times, is it the right time to build a new facility? Answer was that Empire cannot wait – it’s a safety issue. Staff will prepare talking points for directors to use in discussing consumer’s concerns.

McWilliams passed out CARE/ACRE envelopes and encouraged directors to join.

Mollenkopf revisited the proposed tour of the Escalante Generation Plant and that they have a six week planned outage in February or March of next year so will table that tour until then.

Porter distributed a spreadsheet on the Montezuma County Fair and San Juan County Fair 4H livestock sale expenditures.

Attorney: Denning reported that she has been working on the operation center “architect” contracts and RFPs. She has worked on policy questions, but the main thing she had to report was the Court of Appeals had reached a decision in the Wells v. Montezuma Board of County Commissioners appeal. The decision was made following oral argument and resulted in a decision in favor of Empire and the BOCC. Wells can appeal the decision to the Colorado Supreme Court, although a Supreme Court has the discretion of whether or not to hear the case. The deadline to file a Notice of Appeal is September 9, 2011 (46 days). Denning indicated that this decision puts Empire in a stronger position to proceed with its project.

Tri-State:

Mollenkopf highlighted items from his written report, as well as the General Manager’s and President’s written reports under Tab K. Projected proposed rate for Tri-State is 4.8% increase. A special membership meeting will be held September 6th to review board goals, rates and rate designs. Brief discussion on products and services Tri-State offers.

Colorado Rural Electric Association: No meeting was held. Strategy session next Thursday and Friday.

Western United Electric Association: McWilliams reported there was not a meeting. Their fiscal year is July to June and they are at budget. The strategic plan was how to deal with accounts receivable. Facility in Albuquerque is open. Open house on September 8th. Ehmke asked if she had heard that Border States was moving into Colorado? She had not heard but Ehmke said they would be a “force” to reckon with and there would be some competition.

UREA: No report.

Executive Session:

Motion by Porter to go into executive session to discuss FastTrack, building committee issues and union negotiations. Seconded by Mollenkopf and carried. Executive Session convened at 11:50 a.m. The board came out of executive session at 12:25 p.m.

Committees:

Building: Discussed in executive session.

Fast Track

Discussed in executive session

Adjournment:

Meeting adjourned at 12:28

Bill Bauer, President

Sue McWilliams, Secretary/Treasurer