

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
March 08, 2024

Regular meeting of the Board of Directors of Empire Electric Association, Inc. was held Friday, March 08, 2024, with the following directors present: 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, Business Service Manager Chris Snyder, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference: Board President David Sitton.

Others present by Web Conference: Member Emiko South.

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

Approve Consent Agenda:

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

Membership Input: None

Monthly Safety Report: Dellinger stated that there were no personal injuries and there was no property damage. The summaries from the latest safety meetings are in the board packet.

Correspondence:

- Elise Goggin's email regarding the Sun Bear Project.
- Federated Member Update – February 2024
- NISC Capital Credit Retirement

Thank you letters:

- San Juan Health for the gift for the New Year's Baby.
- Community Connection's thank you for annual donation and yearly update.
- Cortez Fire Department for annual donation.

Policy Review/Action:

Policy 6: Visitors (02/11/2022): Dellinger stated that staff and legal reviewed Policy 6 and no edits are suggested.

Policy 7: Safety and Health (03/11/2022): Dellinger stated that staff and legal reviewed Policy 7 and no edits are suggested.

General Manager Report:

Action Item: Select Election Judges for 2024 EEA Annual Meeting: Dellinger stated that per Policy 12, the board is required to nominate and select the election judges for the 2024 annual meeting at least three months prior to the Annual Meeting. McLaughlin has contacted the members that were our judges last year to verify that they would like to do it again. These members are Elena Prickett from District 7, Ruby Gonzales from District 4,

Mark Winkles from District 3, and alternate judge Juanita Reddert from District 1. Fetterman moved to approve the nomination and election of Prickett, Gonzales, Winkles and Reddert, seconded by Butler. Motion carried.

Action Item: Select Tri-State Annual Meeting Voting Delegate and Alternative: Dellinger mentioned that the Tri-State annual meeting is scheduled for April 2 -3, 2024 in Westminster, CO. The Board can select a delegate and alternate to represent us at the meeting. Robinson moved to appoint Fetterman as delegate and Sitton as the alternate delegate, seconded by Lindsay. Motion carried.

Action Item: Consider the 2023 1120-POL Tax Form: Dellinger explained that the 2023 1120-POL Form must be completed for our donations to CARE and the URECA PAC because they are considered political organizations. Johnson has completed this form, and it is in the board packet for review. Archibeque moved to approve the 1120 POL Tax Form as presented, seconded by Sitton. Motion carried.

Action Item: Consider Annual Kinder Morgan Reconciliation for 2023: Dellinger stated that in accordance with the SCS-1 and SCS-2 tariffs, we prepare a budget each year for Kinder Morgan and Cortez Pipeline. The monthly customer charge is billed using the budget information, and we true-up through the annual reconciliation after our external audit is complete. Lindsay moved to approve the annual Kinder Morgan Reconciliation as presented, seconded by Robinson. Motion carried.

Action Item: Consider Annual Cortez Pipeline Reconciliation for 2023: Robinson moved to approve the Annual Cortez Pipeline Reconciliation as presented, seconded by Fetterman. Motion carried.

Action Item: Consider the 2023 Deferred Revenue Proposal: Dellinger mentioned that during last month's meeting, the board showed interest in having staff prepare a deferred revenue proposal. A proposal was included in the packet for board review. Staff recommends deferring \$325,000 of our 2023 revenue and expects to utilize it in 2029. Archibeque moved to approve the 2023 Deferred Revenue Proposal as presented, seconded by Butler. Motion carried.

Strategic Planning Update: Dellinger explained that staff has continued to work on our strategic planning goals. The quarterly update report is in the board packet. He highlighted the following.

- Develop consistent and equitable policies / practices to accommodate member-driven load modifications.
 - A working group made up of employees from engineering, operations, accounting, and member services has been discussing how to improve cost sharing practices. We think we have a good path forward, but we are modeling test cases to ensure our methodology produces expected results. We hope to finalize a methodology in the near future and bring it to the board for approval.
- Pursue grant funding opportunities.
 - Johnson put a summary in the board packet of all the grants she has applied for. EEA was awarded about \$500,000 from the Utah 40401(d) grant to underground two miles of overhead lines located in a forested area of the Manti La Sal National Forest. The GRIP Topic 1 401401(c) Wildfire Mitigation grant application has cleared the first hurdle and EEA has been asked to submit a full grant application. We were not encouraged to submit a full application for an ERA Grant to replace existing distribution line transformers. Johnson will redo this application and resubmit when the next round opens.
- Enhance member engagement capacity at all levels of EEA.
 - The member engagement department continues to do a great job proactively communicating and developing tools members can use on our website.
- Move EEA definitively toward a combined campus.

- There has been a lot of activity regarding the combined campus. There have been numerous discussions with several contractors regarding building a new HQ building at the E&O campus. A floor plan has been developed and we have received some high-level estimates. We will continue working with contractors to get more refined estimates. Dellinger stated that we have been in discussions with a potential buyer about selling the HQ property. The board will discuss this more in executive session.
- Manage evolving risks and opportunities of EEA's wholesale power supply.
 - Dellinger mentioned that Tri-State has developed a CTP for each cooperative using its understanding of the FERC-ordered methodology. Several parties have filed for a rehearing, and some have complained to FERC that Tri-State did not accurately apply the methodology, while Tri-State maintains that it did. This has not been finalized yet. Johnson completed a preliminary analysis on what a CTP buyout would look like for EEA. At this point we would have to secure firm energy at a price that is well below market to break even over the next 20 years. Dellinger has not heard if FERC is going to allow a rehearing.

Financials: Johnson reported on the financials for December. She highlighted the gain of new members and noted that the revenue from retail sales was similar to last year. Kilowatt-hour sales were also very similar to last year, but the retail contribution to our MCP was significantly different than last year. She discussed the variance report and the reasons for certain variances. Johnson gave all the Board members their 990 forms that need to be completed and returned to her by the end of the month.

Miscellaneous: Dellinger mentioned that it is board election season. Candidates can pick up their petition packets starting on March 22, 2024 and will need to be submitted by April 22, 2024.

Director Roundtable: Sitton asked Dellinger about the Sun Bear Solar project that is being considered down in Towaoc and if they will be tapping onto the WAPA line. Dellinger explained that it is the WAPA line that they will be utilizing. Dellinger stated that he doesn't see our relationship with the Tribe changing from the way it is now. Sitton mentioned that it would benefit EEA to have some talking points to help respond to questions regarding our involvement with this project. Fetterman asked Dellinger to give a summary of what the Sun Bear Solar project is proposing since he was unable to attend the meeting. Dellinger gave a summary.

Attorney: Denning provided a written report in the board packet. He reviewed a franchise agreement for Mancos which didn't require changes. He will discuss an easement issue that he has been working on in executive session.

Tri-State: Fetterman reported on the Tri-State Board meeting. He stated that they had a strategic planning session and identified members' needs as reliability, resiliency, affordability, flexibility, and responsibility. He discussed how Tri-State is planning to meet these needs. Discussion was had on how the exit of United Power will affect the other members. Dellinger stated that as long as the CTP cost is correct, it shouldn't have much effect on other members. The grant that Tri-State filed with the ERA was moved to the next step. March's meeting is next week, and the annual meeting will be held in April. Dellinger stated that he plans to attend the contract meeting in person next week.

CREA: Archibeque reported on the CREA Board Meeting. He discussed a competition called the Sun Powered Student Challenge that Kansas cooperatives sponsor. He explained how the program works and noted that CREA is thinking about developing a similar program. He also mentioned SB24-159 regarding the moratorium on gas and oil drilling in the State of Colorado. They asked each coop representative to speak regarding this. Archibeque stated that EEA welcomes green energy, but we are strong proponents of maintaining reliable baseload generation. The vote was 18 – 3 to oppose this bill. Archibeque stated that they did a presentation on virtual

power plants. Dellinger gave an explanation on what a virtual power plant is. Excel presented its virtual power plant plans to the CREA board. There is a lot of concern about cooperatives having significant control over their members' appliances, thermostats, devices, EVs, DER, etc. Archibeque also mentioned that net metering is still a hot topic at the State. The Energy office has developed a net metering coalition and CREA does have a seat at the table. CREA will have budget and finance meetings starting next week.

Western United: Barry reported that the last meeting was their annual meeting, so there isn't any new information on WUE.

Utah Rural Electric Cooperatives Association: Barry stated that he did not attend the last meeting, which was the legislative caucus. He stated that the State did give funding to a new hospital in Monticello. The next meeting will be held in Kanab, and they will be touring the Glenn Canyon dam.

FastTrack: Report will be in executive session.

Committees: The Scholarship committee needs to set up a meeting to go over the scholarship applications. The committee members have received scholarship applications for them to review. Archibeque stated that it would be beneficial for the committee members to review those applications in their own time and then set a meeting date for final selections. The Scholarship committee will meet on Tuesday, March 26, 2024 at 1:00 p.m. to finalize the scholarship awards. The award recipients will be recommended for April's board meeting.

Executive Session: Robinson moved to go into executive session to discuss the FastTrack report, The City of Cortez Offer, and to receive legal advice, seconded by Archibeque. Motion carried. Went into executive session at 10:40 a.m. Came out of executive session at 11:26 a.m.

Adjournment: Meeting adjourned at 11:26 a.m.



David Sitton, President



Jerry Fetterman, Secretary/Treasurer