

EMPIRE ELECTRIC ASSOCIATION, INC.  
MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
FEBRUARY 11, 2022

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, February 11, 2022, with the following directors present: Kent Lindsay, Larry Archibeque, Bob Barry, Norman Butler, and Audra Fahrion. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Operation and Engineering Manager Ken Tarr, Executive Secretary / HR Representative Shawna McLaughlin, and Financial Manager Ginny Johnson. Others present by Web Conference: Secretary / Treasurer Jerry Fetterman, Business Services Manager Chris Snyder, and System Engineer Bill Barva. Absent is President David Sitton and Member Engagement Manager Andy Carter.

Others present by Web Conference: Member Heidi Brugger.  
Others present in person: Member Corey Robinson.

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

Approve Consent Agenda:

**Action Item:** There was an agenda change, Policy 32 was replaced with Policy 6. Butler moved to approve the consent agenda with the agenda change, seconded by Archibeque. Motion carried.

Membership Input: Heidi Brugger asked what Empire's affiliation is with FastTrack and if Empire contributes money to them, why does the membership not receive any information about them. Dellinger explained that Empire is a minority owner and we do not contribute any money towards the business. Dellinger stated that if she would like more information, he would get it for her.

Monthly Safety Report: Dellinger stated that there was one personal injury, which was a small cut and only required first aid, and there were no property damages.

Correspondence:

CRC's Fiscal Year 2021 Class A Equity Investment Dividend Allocation

Thank you letters:

The Salvation Army for annual donation

Crow Canyon Archaeological Center for annual donation

Water Information Program for annual donation

Wildfire Adapted Partnership for annual donation

Workers' Compensation Coalition for annual donation

Energy Outreach Colorado for annual donation

The Galloping Goose Historical Society of Dolores for annual donation

Four Corners School of Outdoor Education / Canyon Country Discovery Center for annual donation

The Monticello Parks and Beautification Committee for the Gift Certificates to award during the Merry and Bright Christmas light contest

Family of Eddie Oliver for the plant for his service

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Policy Review/Action:

**Action Item** Policy 5: Short Term Investments (12-13-19): Dellinger explained that there are a few minor wording edits. Archibeque moved to approve Policy 5 as presented, seconded by Barry. Motion carried.

**Action Item:** Policy 6: Visitors (1-10-2020): There were no suggested edits. Fahrion moved to approve Policy 6 as presented, seconded by Barry. Motion carried.

General Manager Report:

**Action Item:** Consider how to Recognize the Employee Retention Tax Credit: Dellinger stated that Johnson has worked with our auditor to confirm that we are eligible for this credit through the CARE and ARP acts. Johnson explained that we are eligible for \$1.2M. She explained what options Empire has on how to apply this credit. Barry moved that the Retention Tax Credit be recognized as non-operating income and to keep it as permanent equity with no use restrictions, seconded by Butler. Motion carried.

**Financials:** Johnson reported on the financials for December. She mentioned that there was a negative operating margin for the month of December. She explained why this occurred by going line-by-line through the GL account summary report. Several expenses caught up in December. She explained that we are going to change the way we track some expenses and revenues so that we do not have such a large catch up in future years. Overall, year-end totals were very close to budget.

**Miscellaneous:** Dellinger stated that there has been a lot of activity in the Tri-State Contract Termination Payment docket at FERC. There have been numerous data requests and direct testimonies filed. He will continue to keep the board informed on the pertinent information.

Dellinger mentioned that, if the board agrees, he intends to join a coalition of other Tri-State cooperatives that recognize Tri-State is our best option for power supply at least in the foreseeable future. It is looking like 32 to 39 of the 42 Tri-State members will join this coalition. The main idea driving this effort is that a majority of members still support Tri-State and want to make their collective voice heard to counter the outspokenness of the handful of disgruntled members. Board agrees EEA should join this coalition.

Director Roundtable: Lindsay mentioned that the City of Cortez invited the County Commissioners to look at essential air services. He discussed some of the potential air services that have put in bids for service at the Cortez Airport. One of them is Denver Air, which is an up-and-coming company. They are proposing two flights a day 6 days a week to Denver and two flights a day 6 days a week to Phoenix. The airport is limited due to FRA-139 that limits the capacity of the airport. The city is asking EEA for a support letter to bring in this air service. The board has instructed Dellinger to write that support letter.

Attorney: Denning provided a written report. The Ute Mountain Ute Tribe right of way went to Tribal Council and a resolution was approved. They continue to work on the joint use agreement. Denning has a call scheduled on Tuesday to go over the Tribe's concerns with the agreement. Once this is agreed upon, the resolution will go to Tribal Council for approval.

**Tri-State:** Dellinger reported on the Tri-State Rate Design Committee. The committee is comprised of one representative from each of Tri-State's 42 member systems. This first meeting was primarily background and educational. Tri-State (TS) has hired two consultants to assist with the process, NewGen Strategies and GDS Associates. NewGen has worked with TS in the past and will perform a cost-of-service study. GDS has FERC experience and will assist with navigating the FERC process. They will work together on rate design. The committee will meet once a month until its work is done. It must make a recommendation to the TS board by May 2023. Deadline to file with FERC will be in September 2023.

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Fetterman reported on the Tri-State Board meeting. He mentioned that the board had a strategic planning session. He discussed a presentation from Tall Grass Energy, who is working on converting the Escalante plant to a hydrogen production facility. Staff also talked about energy risk management and a progress in joining RTO. There was also a presentation about TS's new energy as a services program led by Reg Rudolph. Duane Highly presented the 2021 year in review. TS maintained safety metrics better than the national average, they maintained reliability through the winter storm, they implemented the first part of the rate reduction, and there has been significant progress in the demolition of the Nucla station. Fetterman also noted that there will be another open season for Partial Requirements Contracts this spring.

CREA: Archibeque stated that the board report is in the packet. He highlighted on several bills that are going through the senate. He stated that there is a joint board / manager meeting on February 15, 2022. The Innovation Summit will be held in November, and they will be moving it to Westminster. There will also be a Board / Manager meeting in August in Durango. Archibeque stated that several other cooperatives are moving to a similar rate structure to ours. Dale Kishbaugh, Director of Safety and Loss Control with CREA, mentioned that he went to Kentucky to assist after the tornado went through. He showed pictures and asked what our coop would do if you had a situation like that. Everything was destroyed and how would your coop operate. Tarr explained that we do have Emergency Response Plans. We also have a mutual aid agreement with CREA that can assist in case of an emergency. A discussion was had on our emergency plan and backup plans. It was also mentioned that most cooperatives are having the same problems we are with supply chain issues and material shortages.

Western United: Barry reported on the Western United Board meeting. Barry mentioned that Western has new members, they now have 77 members but will remain with the same amount of voting members. They added some in Nevada and New Mexico. He stated that the St. George warehouse will be completed in May. There was some discussion regarding the margins. They continue to try to keep their inventory up to support the cooperatives.

Utah Rural Electric Cooperatives Association: Barry reported that he attended the rural legislature conference and attended the rural caucus. Utah recognizes that green power is not the complete answer, they still support their coal industry to supply base load. The amount of solar that is being installed is overloading their lines and the solar companies are not supporting the grid. He stated that Utah has a bill that would get rid of sales tax on energy purchases through the cooperatives.

FastTrack: Report will be in executive session.

Committees: None

Executive Session: Butler moved to go into executive session for the FastTrack report, seconded by Barry . Motion carried. Went into executive session at 10:33 a.m. Came out of executive session at 11:21 a.m.

**Adjournment:** Meeting adjourned at 11:23 a.m.

  
Jerry Fetterman, Secretary/Treasurer

  
Kent Lindsay, Vice President