

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 10, 2023

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, February 10, 2023, with the following directors present: David Sitton, Kent Lindsay, 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, and System Engineer Dalton Randolph. Attending by web conference: Director Jerry Fetterman and Business Service Manager Chris Snyder.

Others present in person: Member Heidi Brugger.

Others present by web conference: Members Emiko South and Ken Curtis.

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

Approve Consent Agenda:

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

Membership Input: Member Heidi Brugger stated that she has been coming to the meeting since 2016. She drove out to look at the Totten Lake Solar Project and she is so proud that her cooperative is moving towards the future. She asked what the cost difference will be from the solar project instead of purchasing it from Tri-State. Dellinger explained that it reduces rate pressure.

Member Emiko South asked what grants EEA was planning on applying for. Johnson explained that there are several grant opportunities we are investigating. Ms. South's concern is that with grants, companies have to go woke to be able to get this funding. Dellinger stated that EEA will consider all strings attached to the grant prior to applying.

Monthly Safety Report: Dellinger stated that there were two property damages. An employee's personal truck was backed into while we were snow plowing and an EEA vehicle was parked on Main Street and another vehicle slid into it. A Tap Root Analysis was performed on the scissor lift accident. This analysis provides the root causes of the accident, which staff can consider for additional trainings to the employees if needed. Tarr discussed the recent trend of accidents that has happened in the last few months and his training plans for the near future.

Correspondence:

Federated Member Update – January 2023.

National Endangered Species Act Reform Coalition (NESARC) 2022 Overview.

Community Connections Annual Report.

Thank you from:

Community Connections for annual donation.

Imagination Library for annual donation.

The Galloping Goose for annual donation.

The Four Corners Advocacy Center for annual donation.

Pinon Project for annual donation.

Crow Canyon Archaeological Center for annual donation.
Lauren Butler for scholarship.
Monticello Parks and Beautification for donating the prizes for the Merry and Bright Lighting Contest.
Wildfire Adapted Partnership for annual donation.
Workman's Compensation Coalition for annual donation.

Dellinger presented Director Larry Archibeque with his Credentialed Cooperative Director Certificate (CDD) from NRECA. Earning the certificate requires attending courses that cover topics including the electric utility business, board duties, and financial decision making.

Policy Review/Action:

Action Item: Policy 29: Insurance Program (12-11-2020): Dellinger stated that both staff and legal reviewed the policy and recommend reformatting the policy to make it simpler. The only substantive change is the recommendation to increase the \$2,000 cap on health insurance to \$2,500. The cap has not changed in the past 10 years while insurance costs have steadily increased. Archibeque moved to approve Policy 29 as presented, seconded by Robinson. Motion carried.

Policy 30: Funeral Leave (01-08-2021): Dellinger stated that staff and legal reviewed and no edits are suggested.

General Manager Report:

Action Item: Consider the 2022 Deferred Revenue Plan: Johnson stated that in last month's meeting, there was a discussion regarding deferring some of the 2022 revenue. She presented the deferred revenue plan which would defer revenue to a future time when the funds would be needed in a high inflation environment. We will exceed all of our financial goals after deferring this revenue. Dellinger stated that if our financial forecast holds we would be able to keep rates stable until 2028 with the help of this deferred revenue. Lindsay moved to approve the 2022 Deferred Revenue Plan as presented, seconded by Butler. Motion carried.

Financials: Johnson reported on the financials for December. She mentioned that these are preliminary financials for December. The biggest item adjustment was for Kinder Morgan. This will be trued up and presented in next months meeting. They had an overpayment that will be refunded to them in March. The audit is scheduled for the week of February 20th. They will be here in person for field work for two days that week. The final audit report will be presented during April's board meeting.

Miscellaneous: Dellinger mentioned that he sent a support letter to 4Core. They applied for a grant that will provide electric bicycles to Senior Citizens. He stated that he received word that the grant was successful, therefore they will be administering this grant money in our community.

Director Roundtable: Archibeque stated that he was contacted by a member that needs EEA to upgrade his system so that he can get heat to a portion of his residence. He called EEA and was told that it would be six to eight weeks to get an employee to come look at it. Archibeque is questioning why it is taking so long. Tarr explained that the time frame is now 4 to 6 weeks, and we have 20 members waiting for an engineering tech to do an upgrade to their service. We have two new techs and one veteran tech that are currently working on service orders. The training of these new techs and supply chain demands have us behind on service orders. We have also hired a consulting firm to come help us with some of the larger work orders. Dellinger stated that we have been monitoring the service orders to see if this is sustained growth and we need to hire more staff, or if this is just a post-COVID growth cycle that will taper off. Currently, it does look like it is slowing down and we may not need to hire additional staff. Sitton asked if we could utilize some of our other employees in other departments to be able to get an employee out to the member's house to possibly look over these types of services. Tarr explained

that we are utilizing other staff for items when we can. Randolph explained that we are in the process of building an online estimator tool that members can go on our website and put in what they would like as a service and get a ballpark estimate using this tool. This will help better the member experience. Sitton asked if the engineering department could prioritize these types of services instead of doing a first come first served basis. Tarr responded that we already do some of that.

Robinson asked to discuss the possibility of doing a Tri-State BP119 community solar project.. Dellinger stated that with the recent tax law changes it would be worth looking into again. Once the other solar projects are up and running and we have a better handle on grant funding, we will evaluate the possibility of doing a community solar garden.

Attorney: Denning provided a written report. He updated the board on the joint use agreement with Lumen. He mentioned that he will be sending a demand letter due to this process taking more time than needed.

Tri-State: Fetterman reported on the Tri-State meeting. He discussed Tri-States December 2022 financial performance as well as their Moody ratings. He stated that the rate committee had two meetings in the last couple of weeks and they are moving toward making a recommendation to the Tri-State Board of Directors. Dellinger updated the board on the rate committee meetings. He went over what the committee will recommend to the Tri-State board. Tri-State's goal is to get the rate filed with FERC by June, for an effective date of January 1, 2024.

CREA: Archibeque reported on the CREA meeting. The new Safety and Loss Director is wanting to revamp the safety program and be more involved with the cooperatives. Archibeque discussed a variety of things that she is looking to improve. He also mentioned that CREA has changed their agenda format to spend more time on items that would be more impactful for cooperatives. They have moved from agenda driven meetings to issues driven meetings. They discussed grant funding and net metering. They are also changing the executive committee. All three CEOs on the CREA board will now be part of this committee. Archibeque stated that there is a director school in Sante Fe this year sponsored by NRECA if any of the board members are interested in going to it.

Western United: Barry reported on the Western United meeting. The annual meeting will be the end of the month and he plans on attending. They continue to do well with having inventory on hand.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. He attended the legislature conference and went to the rural caucus. Utah is experimenting with nuclear plant technology in Orangeville. This plant is moving along well and will continue to get funding. Some of the coal plants that are scheduled to shut down will possibly be converted to this new technology. The new executive director Nathaniel Johnson has started.

FastTrack: Report will be in executive session.

Committees: The Building Committee meet on Tuesday, February 7, 2023 to discuss moving HQ functions to the E&O campus. The committee decided to bring in an architect to perform the programming phase of the project. The programming phase will entail assessing our space needs, determining whether it makes more sense to build a separate building or add on to the existing E&O building, developing a high-level cost estimate, and developing a preliminary floor plan.

The scholarship committee will have a meeting on January 20, 2023 at 8:30 a.m.

Executive Session: Robinson moved to go into executive session for discussion of FastTrack, seconded by Butler. Motion carried. Went into executive session at 11:12 a.m. Came out of executive session at 11:38 a.m.

Adjournment: Meeting adjourned at 11:38 a.m.



David Sitton, President



Jerry Fetterman, Secretary/Treasurer